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31 August 1984

# West Europe Report

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31 August 1984

# WEST EUROPE REPORT

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## HARD DECISIONS DEMANDED FROM GREEK LEADERSHIP

Nicosia | SIMERINI in Greek 8 Jul 84 p 1

/Text/ When it comes to dangerous disputes between states the alternatives are not many. In the last analysis the choice is between war and negotiation. Yet the major problems which may lead to a military conflagration are not solved by war; they are solved by negotiations which follow. It would be a bloody insanity to say it is better to have talks which follow a war instead of talks which precede the armed conflict.

Let us suppose that there was a military clash with Turkey and Greece lost some territory. Wouldn't /Greece/ negotiate with Turkey concerning the fate of its territory? With what logic or practical need does it now say it does not want a dialogue with Turkey concerning the territory of Cyprus? But unfortunately, the way the specific political attitude of our side is shaping up on the Cypriot question requires that one stands on his head to understand it!

Let us see things more vividly. Turkey seized half of Cyprus. Greece was and is, together with Britain, a guarantor. Britain, after she destroyed Cyprus through divide and rule, unhumanly played the role of Pilate at the climax of the Cypriot drama. But what should Greece have done? She should have fought to liberate Cyprus. We were told then that it could not fight because instead of guns the military stores had stones! Then we were told that the cause was distance, not the stones instead of guns...

Ten years have gone by. Two very strong leaders have governed Greece--Karamanlis and Papandreou. Did the military stores continue to have stones instead of guns? Karamanlis left the Cypriot issue alone because he wanted to be left alone. Papandreou dealt with it with words and lack of seriousness. Consequence? Hopeless impasse on our side; new faits accomplis against us by the Turkish side. Yet the slogans on our side continue to prosper. The heroic declarations rule...

But each time the declarations are out of kilter, unrelated to actions, each time the declarations, instead of showing strength, reveal weakness, the Turks take heart for new aggressive actions because they know there is no price to pay. And this is not the only consequence. There is something worse. Rightly or wrongly the so-called international society does not respect and does not bow before the victim and his rights. It respects and honors with deeds deeds the one who knows and who can impose his injustice!

Sooner or later the leaders of the Greek nation must learn this simple lesson. They must decide at last if they can deal with Turkey peacefully or at war. If it is peacefully, they must talk with the Turks; they must have a dialogue with them, and not let Cyprus go down the drain, using the tragi-comic pretext that Cyprus decides. And if it is to deal militarily? Then war is not made with slogans nor is it waged with words. It is prepared without fanfare. And it is implemented!

We feel depressed and fearful because 10 years after the Turkish occupation of Cyprus our side, our leaders, the Greek nation, have been unable not only to save Cyprus but even to decide what they want and can do to save it. Greece is not only the mother country; it is not only our guarantor; it is not only our flesh and blood; it is our only real hope for survival. Therefore, it is high time the /Greek/ leaders talk less, think more and act even more, if we here and they there are to see salvation.

7520

CS0: 3521/309



## NATIONAL INTERESTS SEEING PREVAILING OVER PRIDE

Nicosia | SIMERINI TIS DEVTERAS in Greek 9 Jul 84 p 3

/Article by Averof Neofytou/

/Text/ When he took office Greek Premier Papandreou declared he was going to follow a policy nationally proud for a Greece of the Greeks and put an end to the policies of the ND government. And on the Cypriot question he would turn support into joint action. We all applauded. We all spoke of the patriot Papandreou. More importantly, certain people in Cyprus who, prior to PASOK's coming to power, were allergic to the name of Greece and the National Center, started to talk about joint action with the mother country.

Ten years after the Turkish invasion the Turk-Cypriots and Turkey moved forward to two new actions in spite of the methodical existence of joint action by Greece and Cyprus. They carried out their threats. And while Papandreou was seeing light at the end of the tunnel and catalysts like Willy Brandt, and while the patriotic government of Kyprianou was declaring we are gaining ground, the Turks moved to implement their policy and to...declare their pseudo state.

The reality is clear. Only the West can persuade and pressure Turkey to solve the Cypriot problem and prevent new faits accomplis. But how can the West intervene actively for a just solution of the Cypriot problem when first, Cyprus has a government which is the daughter of Moscow's most faithful communist party in Europe and which, when the West tried to solve the Cypriot problem by presenting a reasonable plan, rejected the plan because /AKEL leader/ Papaioannou did the same, calling it imperialistic.

Second, Greece has a government which, with every word and deed, hits directly or indirectly NATO and its partners in the EEC; a government which in its effort ostensibly to save our national pride only succeeds in hurting our national interests.

Third, Turkey knows what she is doing exploiting its strategic location and the Greek attitude toward the West, and spreads with open hearted smiles and friendship to the West, obviously not because she has a special feeling for the West but simply because her attitude helps the realization of its goals; naturally under the silent toleration of the West.

It is high time for those who govern here and in Greece to realize that the West can influence Turkey on the Cypriot issue, with a coordinated and realistic approach on our part. It is high time (although very late) to revise their policies. And if necessary, let us go along with their interests if by so doing we may serve some of ours.

I am not one to undersell my country, neither am I pro-West or pro-American. I, too, am Greek. I, too, have Greek pride which I want to hold high. I was brought up in the Greek-Christian ideals. I am intoxicated with the sweet wine of self respect, freedom and justice. Like any other patriot I, too, like our leaders to be manly, not pawns on the chessboard of the super powers. I, too, like all of us, want our leaders not to be obedient servants of the powerful.

Unfortunately...when I see the de facto situation in our martyred Cyprus going towards de jure and when I see our military inability to engage successfully in a war with Turkey, I become a realist assessing the present situation, who would not hesitate to sacrifice even national pride on the altar of the vital national interests.

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CSO: 3521/309

## KYPRIANOU REPORTEDLY PLANS RESHUFFLING

Nicosia 0 AGON in Greek 9 Jul 84 p 1

/Text/ President of the Republic Kyprianou is considering reshuffling his cabinet. According to reports from the president's inner circle, the change is expected around the end of this month, although a short delay is not ruled out if the UN Secretary General presents his initiative around the same time.

Kyprianou lately accepted the views and recommendations of the close associates and other leaders here that it is necessary to revamp the cabinet since some of its members have been unable to deal with the various problems facing the country. AGON is told the following:

The president of the Republic appears to be ready to bring personalities into his new government who will be able to help the country to deal positively with the existing problems which will grow with the passing of time unless they are approached in a timely and effective manner.

#### He Has Been Thinking About It

In his contacts with various persons, Kyprianou let it be understood that he has been thinking about the reshuffling for several months but the events on Cyprus absorbed his interest and did not allow him to implement the changes.

AKEL appears to oppose the president's thinking since the present cabinet was formed in accordance with the minimum program. More importantly, the Left is worried that the new cabinet will not include persons friendly to it with the result that it will lose connections it has and the influence it enjoys.

#### AKEL's Goal

AKEL appears to aim at or to request indirectly that certain close advisors of the president be removed, a view rejected by the president who does not even discuss it since he considers their presence indispensable. Moreover, Kyprianou does not want interference in areas which fall within his jurisdiction under the constitution.

## POLLS INDICATE GREENS TO ADVANCE IN MUNICIPAL ELECTIONS

## Biggest Gains in Metropolitan Areas

Helsinki UUSI SUOMI in Finnish 19 Jul 84 p 3

[Article by Jyrki Vesikansa]

[Text] If people really vote according to the political opinion polls, the municipal politics of Southern Finland's big cities will be upset in next October's elections. The Greens are rising as a significant group that has a chance to demand seats in the municipal government and — in the leadership. If only the Greens want to operate like the traditional parties....

In the countryside and in the smaller towns, according to the polls, the changes will, on the other hand, be lesser; Green ideals do not take hold there.

There is, however, reason to view the results with reservations, although the opinion polls have usually fairly well forecast election results. The extension of support to the Greens in an opinion poll may just be a protest — later, at the polls, many people will probably turn to a conventional alternative.

## Are There Candidates?

And then too, the Greens do not always present candidates in those places where they have sizable support according to the opinion polls. Thus at least just recently the Greens maintained that they were incapable of putting up a candidate for Vantaa for lack of an organization. However, according to random reports, 6 or 7 percent of the residents of Vantaa would support the Greens.

In connection with omnibus polls in March-June, the Economic Survey Company reported the local distribution of support for the parties through personal interviews for UUSI SUOMI. At that time 7,463 individuals in 148 localities were interviewed.

The Economic Survey Company compared those support figures with those of the 1983 parliamentary elections. In addition to that, UUSI SUOMI compared the opinion poll situation with the 1980 Helsinki municipal elections. Formally, of course, we should especially compare them with those of the previous

municipal elections. In the big cities, however, voters did not seem to exhibit any particularly large difference between the local and national elections.

Statistically reliable, the report provides exact information by election districts on the country's biggest municipality, Helsinki, as well. The poll also gives hints as to the prospects for Espoo and Vantaa, although an exact charting cannot be presented.

The data by election districts also afford clues as to the other big towns if we compare the situation in the Southern Finnish cities with the development areas in the provinces.

A poll on Turku recently published by TURUN SANOMAT confirms these suppositions. It reports a support figure of 8.9 percent for the Greens and a considerable decrease in the SDP's [Social Democratic Party] power to attract voters.

#### Is the Gap with Number Two Widening?

According to the poll commissioned by UUSI SUOMI, the Conservative Party will clearly continue to be Helsinki's strongest party. In fact its position will become firmer since the Social Democrats have lost more support than the Conservative Party in comparison with both the local and parliamentary elections.

According to the poll, the Conservative Party and the SDP still have the majority of Helsinki residents behind them. The Greens, who even got onto the municipal council with a support bloc of 1.7 percent in the guise of Ville Komsa, are, however, campaigning vigorously as the third largest group. During the parliamentary elections the Greens even captured a parliamentary representative's seat in Helsinki and in Uusimaa.

#### RKP Rising in Etela-Pohjanmaa

Helsinki's fifth largest party, the RKP [Swedish People's Party], is slowly losing its support in the capital as it has been doing since it was founded. Nationally, however, the RKP has even strengthened its position, increasing its support in its home territories of Etela-Pohjanmaa and Uusimaa.

#### SMP's Popularity Has Passed Its Peak

The SMP [Finnish Rural Party] has passed the peak of its growth in Helsinki as well as everywhere else in the country. So the party is still firmly ahead of the results of the last municipal elections, but has almost everywhere regressed by about 1 percent from its surprise victory in the last parliamentary elections.

According to the poll, the Center Party will not really continue to advance in Helsinki or in any other capital district town either. Thus the party alliance with the Liberals seems to have failed; the Center Party's entire support is even lower than just the results obtained by the LKP [Liberal Party] in 1980 alone.



In Helsinki as well as elsewhere the Constitutional Conservatives have slightly recovered from their poor showing at the polls in the last parliamentary elections (Georg C. Ehrnrooth got back into Parliament with the aid of an election coalition); in Helsinki the POP [Constitutional Conservative Party] occupies much the same positions it did in the last municipal elections.

The Christian Leaguers lost badly in the last parliamentary elections. The decline now seems to be leveling off, but its positions in municipal politics seem to have been weakening since the results of the 1980 elections.

#### Paavola Effect Is Yet to Come

The Social Democrats seem to have dropped back most in those places where the Greens have advanced most strongly. However, things are not going well with the SDP anywhere. The effect of the Pekka Paavola squabble does not yet show in the figures.

According to the poll, the Conservative Party's worst period of decline appears to have passed, all things considered. In comparison with the parliamentary elections, even a growth in support is apparent in Eastern Finland. In comparison with the 1980 municipal elections, however, a defeat is forecast in Helsinki as well as nationally.

The development of support for the Center Party is locally very uneven: There are both pluses and minuses, but by and large no earthshaking changes. Alongside the unproductiveness of the LKP merger, the party is probably nevertheless consoled by the fact that the Greens are no serious threat in the Center Party's core districts, the development areas.

SKDL [Finnish People's Democratic League] leaders, on the other hand, cannot find consolation in anything at all. Support for the party is steadily diminishing everywhere as compared with any other party whatsoever.

#### This Is How It Is in Helsinki

Support for the parties in Helsinki in March-June 1984 and the change in comparison with the last municipal and parliamentary elections (percentages).

Puolue (1)	Kannatus (2)	Muutos verrattuna k-valeihin (3)	(4) e-valeihin 1983
Kokoomus.....(5).....	29.4	- 2.2	-0.4
.....(6).....	22.3	- 3.3	-4.8
Vihreät.....(6).....	12.8	+11.1	+7.9
SKDL.....	11.9	- 4.0	-1.2
RKP.....	7.8	- 0.4	-0.2
SMP.....	5.9	+ 3.9	-1.0
Keskustap. ....(7).....	3.8	- 3.5 <sup>1</sup>	-1.3
POP.....	3.2	- 0.2	+0.7
SKL.....(8).....	2.9	- 1.3	+0.5
<sup>1</sup> ) LKP sai 1980 4,0 % ja (varsinainen) keskustapuolue 3.3 %.			

Key on following page



Key:

1. Party.
2. Support.
3. Change in comparison with 1980 municipal elections.
4. 1983 parliamentary elections.
5. Conservative Party.
6. Greens.
7. Center Party.
8. Finnish Christian League.
9. In 1980 the LKP received 4 percent and the Center Party (proper) 3.3 percent.

# Support Figures...

Estimated support for the parties in March-June 1984. Parliamentary election election districts (percentages).

	(1) Koko maa	Helsinki	Uusimaa	(2) Turun Et.+Pohj.	(3) Hämeen Et.+Pohj.	(4) Kymen ja Mikkeli	(5) Kuopion ja Pohj. Karjal.	(6) K-Suomen ja Vaasan	(7) Oulun ja Lapin
SDP	24.8	22.3	27.6	26.2	29.0	34.8	24.6	21.0	15.1
KOK	21.1	29.4	22.2	22.0	25.6	23.8	17.6	16.7	13.2
KESK	17.0	3.8	6.5	14.3	10.6	19.0	26.6	23.3	36.2
SKDL	12.6	11.9	10.1	14.5	14.5	5.2	11.6	10.2	22.0
SMP	8.7	5.9	5.7	11.3	8.1	7.9	15.2	7.8	9.2
VIHREÄT	6.7	12.8	11.9	4.4	8.0	3.9	1.5	3.4	1.9
RKP	5.0	7.8	12.8	3.0	0.1	0.6	0.2	14.3	0.0
SKL	3.2	2.9	2.5	4.1	3.8	4.4	2.5	3.2	1.9
POP	0.5	3.2	0.6	0.0	0.2	0.2	0.2	0.1	0.4
MUUT	0.4	0.0	6.0	0.2	0.1	0.2	0.0	0.0	0.1

# ...and Changes

Estimated changes in support percentages in comparison with the 1983 parliamentary elections (situation as of March-June 1984) (+ 1 percentage point).

	Koko maa	Helsinki	Uusimaa	Turun Et.+Pohj.	Hämeen Et.+Pohj.	Kymi-Mikkeli	Kuopio P-Karjala	K-Suomi Vaasa	Oulu Lappi
SDP	-1.9	-4.8	-3.0	-0.2	-2.6	-0.4	-0.9	-1.1	-1.4
KOK	-1.0	-0.4	-3.0	-1.1	-2.5	+1.0	+0.8	-0.9	-0.4
KESK	-0.6	-1.3	-0.7	-0.2	+0.7	-0.6	+0.2	-1.3	-0.3
SKDL	-1.4	-1.2	-1.6	-1.4	-1.2	-1.4	-1.9	-1.5	-0.7
SMP	-1.0	-1.0	-1.6	-1.5	-1.0	-3.2	-0.9	+0.3	-0.4
VIHREÄT	+5.2	+7.9	+8.6	+3.1	+6.4	+3.4	+1.5	+3.0	+1.9
RKP	+0.4	-0.2	+0.8	±0.0	±0.0	+0.4	+0.2	+2.3	±0.0
SKL	+0.2	+0.5	+0.4	+1.2	-0.2	+0.4	-0.8	-0.5	+0.2
POP	+0.1	+0.7	±0.0	±0.0	+0.2	+0.2	+0.2	-0.2	+0.4
MUUT	±0.0	-0.2	-0.2	-0.1	+0.1	+0.2	-0.2	±0.0	±0.0

Key on following page

Key:

1. Entire country.
2. Turku, northern and southern [districts].
3. Hame, northern and southern [districts].
4. Kymi and Mikkeli.
5. Kuopio and Pohjois-Karjala.
6. Keski-Suomi and Vaasa.
7. Oulu and Lapland.
8. Conservative Party.
9. Center Party.
10. Greens.
11. Others.

Green Leader on Goals

Helsinki UUSI SUOMI in Finnish 20 Jul 84 p 3

[Text] "It does not pay for any party to count on Green movement support for its future," said Dr of Technology Eero Paloheimo, one of the sharp-witted heads of the Greens.

"The fact that the Greens have often adopted the same policies as the Left is due to the fact that the Left has agreed with us in matters of interest to our movement, environmental issues among others."

As a resident of Tuusula, Paloheimo was unwilling to say what a possible Green election victory would do to Helsinki municipal policy. He did, however, say that in Tuusula the Greens would oppose artificially increasing the population, getting heavy industry to establish itself in towns, the citification of small towns and the construction of apartment houses. Natural population growth, small industry and living in one's own home would satisfy the Greens.

Organization Without a Party

Paloheimo is one of those Greens who longs for an organization "that will maintain contacts" with the movement. However, Paloheimo would not organize the Green movement into a party either. Paloheimo's model would probably come close to that of a party that has local sections, but no mother party.

In Paloheimo's opinion, the movement's organization issue must be resolved before the next parliamentary elections. He said that they do not need a party for the sake of the party subsidy because the movement seems to be managing with amazingly little money.

A Platform at Some Time or Other

In answer to the question as to how long the movement can operate without a platform, because of which its actions are unpredictable, Paloheimo said: "Of course, it cannot remain unpredictable for long, but being without a platform at the start is an advantage."

### "The Coming of the Greens Does Not Frighten Us, But..."

The Conservative Party's Helsinki municipal councilman Pentti Hirvikangas is not concerned, even if the Greens should press to get onto the municipal councils — as the Gallup polls predict.

He believes that, if a large number of Greens get onto the Helsinki Municipal Council, their actions will be based on the realistic handling of affairs.

### "...An SDP-KOK Axis Is Possible"

Hirvikangas nevertheless admits that the traditional parties may throw their lot together with one another in deciding on municipal affairs. At that time, according to him, it is mainly the Conservative Party and the Social Democrats that would be coalition partners.

"It is, of course, also possible that the Left will seek a coalition with the Greens. And in that way it would obtain a majority on the council."

Hirvikangas, however, said that he believes that the Conservative Party will in any event continue to represent a large group on the Helsinki Municipal Council and that [the others] will not go ahead and handle matters without the Conservative Party.

### "Discussion Will Perhaps Become More Open"

Hirvikangas also sees positive features in the rise of the Greens. He believes that the Greens will bring gentleness to the other, traditional parties.

"We may discuss matters more. And decisions won't be made in little cliques, as it is often said is the case."

### A Four-Way, But Not a Two-Way Deal

Martti Asunmaa, the chairman of the SDP's Helsinki Council delegation, is not naming a coalition partner for the SDP beforehand. Not from any faction.

He nevertheless feels that it is possible that a traditional coalition of the traditional political — the four largest — parties may become more concentrated through the entry of the Greens.

Asunmaa justifies this on the basis of the fact that the political parties are familiar with each other's platforms and goals, which is why cooperation will be natural.

On the other hand, Asunmaa is not enthusiastic about a two-way deal between the Conservative Party and the SDP. He said that these two would form a very scanty majority through which affairs have not to this day been taken care of.

## "The Greens Will Introduce Unpredictability"

According to Asunmaa, the effect the Greens will produce cannot be predicted beforehand because they do not have a platform. He added that there are no guarantees as to Green unity either and he pointed to the divided Green movement in the Federal Republic of Germany.

In Asunmaa's opinion, any sort of individuals at all could gain admission to the council under the Greens' banner. "The Greens will introduce a considerable amount of unpredictability into municipal politics," Asunmaa maintained.

### Paper Comments on Elections

Helsinki UUSI SUOMI in Finnish 20 Jul 84 p 2

[Editorial: "Green Fall Ahead"]

[Text] The message of the different opinion polls is beginning to be so clear and there is so little time left before the municipal elections that the leading figures in the big cities already have reason to prepare for a new kind of life after the elections. The Greens appear to be rising to represent an important factor on the councils of the larger towns.

According to the Economic Survey Company poll commissioned by UUSI SUOMI, the Greens will rise as high as to become the third largest group in Helsinki. However, in rural areas and small towns Green ideals do not seem to interest people.

The ascendancy of the Greens is a challenge to the other parties, but also to themselves. As a small protest group they could be content with using council halls and board rooms purely as a speaker's podium. Now they have to consider whether they will begin to concretely participate in municipal government.

The West German Greens have a similar problem. Some of them demand the unconditional rejection of the old model, which would among other things require deciding on all matters at vague mass meetings with endless discussion and the rotation of elected representatives. Some of them, on the other hand, maintain that the concrete influencing of affairs presupposes compromises, an opportunity for negotiations and experienced trusted representatives.

Among the Finnish Greens this dilemma has become apparent in the debate over organizing, among other things. With an election victory approaching, the Greens have to decide clearly on their model for action.

The most interesting phenomenon among the other parties is the continued decline in support for the Social Democrats. At the same time the SDP is nevertheless regarded as an incomparable national caretaker party which is also internally very united. And so far the case of Pekka Paavola is not yet apparent in the published results of the poll.

There are probably many reasons for the decline of the SDP. The ideals of the Greens probably take hold particularly well with Social Democrats; and the results of the poll confirm this. Then too, Mauno Koivisto is no longer the same sort of magnet for the party he still was during the 1983 parliamentary elections. This is, at least primarily, not because of the decline in Koivisto's personal popularity, but because he is more and more clearly viewed as being above the parties. And responsibility is consuming.

The Conservative Party seems to have finally gotten over its post-parliamentary election hangover. The decline of the SDP even means that the relative position of the Conservative Party in the larger towns, above all in Helsinki, is probably getting stronger.

Nevertheless, compared with the brilliant outcome produced by the 1980 municipal elections, the Conservative Party will probably suffer a clearcut defeat and will be slightly behind the support figures obtained in the parliamentary elections as well. Therefore, its image will have to be sharpened and they must not merely talk about doing so. Nor does a low profile seem to be benefiting even the Social Democrats any more.

On the other hand, the drop in support for the SMP since the parliamentary elections tells us that populism has its limits and that responsibility gnaws away at the support it is resting on. Pekka Vennamo nevertheless seems to be firmly establishing his party's position at a rather significant level. This will probably make the SMP much stronger than it now is on many municipal councils.

The chief importance of the opinion polls for the Center Party is the fact that the merger with the Liberals has been of no use to it. The combined party will not even attain LKP support figures in Helsinki and probably not in the other big cities either, cities in which the Liberals were after all still an important factor in the 1970's.

As far as his basic support is concerned, Paavo Vayrynen can, however, rest quite at ease. The Greens do not constitute a significant threat to the Center Party, nor any more either to the SMP, which at present prefers to fish in SKDL waters. The Center Party has not, however, yet succeeded in stopping the slow effect of the change in the structure of the population.

The drop in support for the SKDL has been steady, but the question as to what effect the reshuffling of the SKP [Finnish Communist Party] will have is still an open one. As for the other parties, the RKP can at least be satisfied with its progress in Etela-Pohjanmaa.

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## JORMA HENTILA TO STEP DOWN AS SKDL SECRETARY

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 84 p 7

[Article: "SKDL General Secretary to Change in Fall"]

[Text] The Finnish People's Democratic League (SKDL) will change its general secretary in the next few months when Jorma Hentila (Communist), who has held the post since 1977, transfers to another position.

Hentila is being considered as the chief editor of the Alcohol Policy Paper published by Alko [State Liquor Monopoly]. Alko's Education and Information Director Jorma Simpura (Communist), who previously worked in this capacity, retired in the spring. The question will be decided in the middle of August.

The strongest contender to replace Hentila as co-leader with Kalevi Kivisto (People's Democrat) is Planning Secretary Reijo Kakela (Communist) of the Education Ministry, whose selection is being promoted by Kivisto. Kakela has not yet made a final decision on his willingness to accept the position. Kakela is a member of the SKP [Finnish Communist Party] Central Committee.

The other possible, if somewhat improbable, candidates mentioned are SKDL Operations Director Aulis Ruuth (People's Democrat), MP Terho Pursiainen (Communist), and Jertta Roos, who was nominated by the Women's League.

Hentila resigned from the Central Committee in May at the SKP's 20th Congress. He has been chairman of the Sexual Equality Association for some time.

The general secretary's position in the SKDL will not be filled until later in the fall. The SKDL Executive Council, which will convene in October, will make the final decision on this matter.

10576

CSO: 3617/193

## LAST CP COMPROMISE-PAPER ISSUE FORCED TO CHANGE EDITORIALS

Helsinki TIEDONANTAJA in Finnish 10 Jul 84 p 3

[Article: "'New Democracy' in FCP, Bjorkbacka Changed YHTEISTYO's Editorials"]

[Text] SKP [Finnish Communist Party] Information Secretary Oiva Bjorkbacka made newspaper history in the last issue of YHTEISTYO: Chief Editor Ilkka Lappalainen's editorial was eliminated from the paper without his knowledge and an editorial written by Oiva Bjorkbacka was substituted. The editorial written by Ilkka Lappalainen stated, among other things, that it is time for the SKP to exercise a self-criticism in which it will deliberate its own essence and tasks in this situation and in society.

This article was eliminated and replaced by another, in which an attack is launched against the proposal made by eight district organizations to convene an extraordinary congress.

There is nothing in the paper to indicate that the chief editor of the paper is not the author of the editorial or behind its content. To the contrary, Ilkka Lappalainen's column is situated next to the editorial. Bjorkbacka appears in the paper by name in two articles, one of which is ironically entitled "Relevant Criticism Has Its Place".

Ilkka Lappalainen has publicly disavowed any connection with the editorial, which was inserted into the paper without his knowledge. The postscript was also changed: Lappalainen's original article states that the ideas presented at the time of the establishment of YHTEISTYO are still valid, but the article replacing it talks about the cessation of YHTEISTYO and the commencement of the publication of KOMMUNISTI.

YHTEISTYO Editor Mikko Niskasaari's article on the rise and the destruction of YHTEISTYO was likewise eliminated from the paper without the knowledge of the chief editor and the editor.

### Illegal

Finland's laws on freedom of the press are very unambiguous with respect to the fact that a newspaper's content is determined by the chief editor. This

is interpreted in such a way that only the chief editor can decide what is put into a newspaper. He also carries the juridical responsibility for everything published in the paper.

Thus in addition to an exceptionally crude political measure and a misleading of YHTEISTYO's readers, the replacement of these editorials is also against the law governing freedom of the press.

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CSO: 3617/193

## AUTOBIOGRAPHY DESCRIBES YOUTH DISENCHANTMENT WITH STALINISTS

Helsinki HELSINGIN SANOMAT in Finnish 15 Jul 84 p 17

[Commentary by Sakari Maattanen]

[Text] Kim Weckstrom has written a book about a generation whose dream about a proud world has evaporated.

Kim Weckstrom, 32, puts the record on once again. He looks for the right band: "...and then everyone suddenly went straight, hair became short and velvet suits were put on, comrades in key positions first changed their style, and thus began the march into the party. The most important book was Rauno Setälä's "Neo-Stalinist Confession", everyone read it, it was the Bible. But before that everyone read "Leftist Speeches", which was written by Antero Jyränki and others, it was read with a terrible vengeance, it was so frightful..."

The needle jumps from one band to another, the story goes off in different directions, but again returns to the initial years of Taistoism [Stalinism]. Kim Weckstrom has written about these and many other things in his straightforward, factual, and well-written book entitled "Tragrottan". This book is about a generation whose dream has vanished. "Tragrottan" was published in the spring in Swedish by Soderstrom and will come out in the fall in Finnish from Tammel. This is the first book in Finland written in both Swedish and Finnish by the author.

The writer has been compared to Jack Kerouac!

Kerouac was the leader of the beat generation of the 1950's in the United States.

For many years he wrote "On The Road", which was completed in 1957. It is a cult book, a classic.

Kerouac died an alcoholic and an avowed racist. There is some black irony in this in that the beat-generation and Kerouac were the impetus for left-wing radicals and rioters of the 1960's, who caused disturbances until those in power developed a theory of removal for preventing the movement from spreading.

Weckstrom's generation also had to face the facts. The Stalinist movement became the victim of its own ingenuity, and now it is politically played out so that the SKP [Finnish Communist Party] is splitting in two.

The Stallars are becoming toothless dogs which impatiently growl at everything that moves in society.

The coming of Stalinism to Finland demonstrates that anything that is even slightly exciting comes to this land of the tundra about 30 years later -- just as writing in the style of the beat-generation. And young Stalinists are reminiscent of the beat-generation.

But even though Stalinism came late, it came with even greater strength. In the beginning of the 1970's anyone who had anything to promote joined the movement.

Kim Weckstrom hit exactly upon that juncture in time when one generation trembled with enthusiasm -- or rather two generations trembled with enthusiasm, the younger and the older.

Kim Weckstrom became a university student after graduating from the Lauttasaa-ri Secondary School in 1971. He was active in the Academic Socialist Society (ASS) and the Socialist Students Union (SOL).

Weckstrom finds the band: "It was a senseless time, one generation was taking matters into its own hands, after 5 years everything would have been ours, the old would have been eliminated. Cadres were trained, we were gone for a week at a time, a hundred people in a seminar, and everything was very strict, disciplined, and exact. At the seminars each person took a turn to stand up and tell about one's background, 40 to 50 came from the middle class or the upper middle class, from strong bourgeois homes.

#### Away From The World of One's Parents

The world of one's parents was ugly, the home was a triangular table, chairs and a television. Mom and dad worked and fought with each other. Whenever one asked for money, one got to hear the life's story of one's parents from beginning to end: if you would just work, money does not fall out of the trees.

There came a desire to gain control of the power structures and to make one's own life and world, in which there is no ugliness and confusion, no atmosphere poisoned by capitalism.

At first it was only a feeling. Once a war invalid asked what should be changed in this world. No one knew what to say and no one could even think of anything except that Negroes are suffering from starvation.

Then came an attempt to give content to this feeling. In the beginning it was the usual grumbling, bosses, comrades in leading positions, were like drunken swine.

But then all of the sudden there were tough speeches and international guests. The bosses sat at separate tables and we had to walk by them to show them respect. Young women cast furtive looks at their table from the other end of the room. The international guest rose to the podium to speak and the speech concluded in an effort to arouse enthusiasm.

The young did not trust comrades in leading positions. They were over 30 and did not know anything about rock music.

Moreover, the actions and words of the party bosses did not mesh with their thinking. They talked among each other arrogantly and bragged about adventures with women.

When women brought up equality and the position of women in the movement at meetings, the bosses attempted to understand their point of view while showing signs of irritation: "Indeed, it will come about."

Weckstrom visited Portugal as a political tourist after the pink revolution to check on how socialism is working and returned to Finland by way of Europe.

There was only a feeling of power and greatness in Finland. No where else was there the kind of political enthusiasm and intent as in Finland. He arrived in Helsinki on Saturday evening and went straight to Sato where there was an ASS function.

There was group singing, in which Agitprop and KOM-theater types sang in quartets. The atmosphere would have inspired anyone. The feeling of political paralysis, which one had in Europe, disappeared for a moment.

They had heard all the rock -- the Doors, Cream, Rollars, Grateful Dead, and Frank Zappa -- groups which were part of the first generation that grew up to the beat of rock music.

But rock disappeared. It was not suitable and was replaced by Quilapayun, Victor Jara, Omara Portuondo, and Georg Ots. But rock was secretly listened to late at night.

But then the beat became more rigid: it became obligatory to listen to real Russian dance music, that junk that is played over there. It was orthodox music.

A more rigid attitude was also adopted toward dissenters. They had their own labels. KOM-types were ok, the same applied to the democrats. They were general democrats or potential members of the movement.

The revos, with whom no attempt was even made to communicate, were completely separate. They had nothing in their heads. They were juntters.

The Tuhatkunta or Conservative youth gang was tolerated, especially the women. If one of them could be persuaded to attend a function, she could be won over once Sinikka Sokka or Kristina Halkola opened her mouth to sing.



## Shirt Style From GDR

It was rigid and became even more rigid. The SKP's majority and minority ended up in a battle over shirts.

The traditional color of Communists is red. But it was the color of the revos and the juttters. The GDR or East Germany was the model for the Stallars in the opinion of many. There the youth organization had blue shirts, and the Taistoites chose the same color.

The shirt was nylon, damp, and caused one to perspire, and it also smelled of a cheap material. Weckstrom received it before May Day and he hid it in his closet. He got the feeling that this was a little too much.

Weckstrom was a former scout and had even been involved in church activities.

Moreover: a blue shirt has certain traditions in Finland.

Just before May Day he called some friends and asked whether they should wear the shirt, thought about it for a minute and decided that to heck with it: let it go, we will show the bourgeoisie!

And quite a show it was! The day was warm, many people were about -- marching as well as standing on the sidewalks -- and when he looked around, everything within his field of vision seemed to be blue.

Out of ten shirts only one was red.

Weckstrom's record continues: "The feeling was senseless. Thousands of similar age and similar looking youth in overalls and blue shirts moved forward in files, each with a series of signs on their chest. Then someone spoke and everyone knew the slogans by heart. One had the feeling that at this rate the situation would be under control within a couple years!"

The fact was that the situation was already disintegrating. The grumbling had already begun.

It happened insidiously. The current grew as one began to sense that the movement was no longer moving.

Among the rank and file it could appear as derision: Around seven or eight Weckstrom delivered a speech on the press question. TIEDONANTAJA is a spear directed against the bourgeoisie, KANSAN UUTISET is not, he declared. Suddenly, someone in the audience, a friend, jumped up and yelled, what the hell are you still going on about that for since this has been a stalemate for 2 years.

And derision and scorn and icy stares crept into the ranks of the cadres. Lenin had already been cast aside at the Spartakiads: he has long hair! Leaders were laughed at as one-sided and the saint of writers, Pablo Neruda, was vilified as a liar.

Or there was as much mudslinging as could be possible within the movement. But still everything was not completely clear. In coffee shops and taverns one would cautiously ask the other: are you still, or are you not, or how far is the gang going.

Rumors circulated among the membership about swinish behavior on an international scale when comrades in key positions went on friendship delegation trips.

A bourgeois background did not help one to endure the cynicism of real politics. Idealists had to face reality when a visitor to North Korea said that his hosts showed off local socialist achievements -- a plant, on the wall of which one could read: a gift of the people of the GDR to the Korean Democratic Republic.

Even otherwise, one began to get the feeling that too much is too much. Organizational criteria, a listing of causes and attributes, which made an individual suitable, among other things, were too much. A dual morality was conspicuous. Communist morality was preached in study circles, but no one observed it -- least of all comrades in positions of leadership.

#### Fruitless Efforts

Hundred of ideas went through one's head, and the central idea that remained was: I have given up the best years of my life. And there was not even one ounce of consolation in the fact that the upheaval experienced by the Maoists was much worse.

Indeed, an attempt was made to correct the distortions, but this was really the epitome of strangeness. Seminars were held once again and now the various factions tinkered together: the ankyrs and revos and those Center Party members who were considered compulsory from a foreign policy point of view screwed up their mouths and wrinkled their foreheads while asking each other what to do in the future, in the 1980's.

There were no results from these efforts.

The technocrats -- those who studied, married, bought cars and houses on credit, the commercial and technical people -- moved ahead while Weckstrom and his comrades promoted causes.

They were enticed into the movement directly from school. A decade later they had to begin reconsidering their lives. They had learned to think rigidly. Issues had to have an explanation, and they were of value only if they could be considered with reason.

Even though they had worked together a lot, seldom did anyone touch upon questions dealing with emotions or sentiments. There was no discussion of individual or personal matters.

If someone tried, no one wanted to hear, and the discussion turned to the most recent situation analysis of the class struggle.

One's own experiences were of no value. Everything had to be systematized: the working class, capital, and democracy. These were the only things one could talk about.

And now? Now no one talks about anything except one's own affairs, everyone is living their own life and feelings.

Even this does not seem to bring people any closer together than before. It is still the life of a loner.

Then, at least, there were discussions together, and it kept many types of people spiritually together.

A rather large part of one single age group learned an irrational use of the mind. They became thinkers who are of no use since it seems difficult to believe that anyone who has exhausted himself in political pursuits would have the energy to bounce back again.

Kim Weckstrom's record is approaching the end. He finds the last band: "The whole affair was like a mindless drunk, an illusion, a dream, the delirium of a middle class gone mad. In fact, we wanted a revolutionary wife and a house with nice looking furniture and the requisite pictures on the wall, the stylized portraits of Lenin and Che.

"It was a dream of a world in which we were Kings, in control. But it was also a broader story: we wanted a good world.

"One should have stayed in business college, there things could have been changed," said the ironic voice of Kim Weckstrom on the record.

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## POLL SHOWS INCREASED SUPPORT FOR RURAL PARTY, GREENS

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 84 p 7

[Article: "Poll Predicts: Increased Support for Rural Party and Greens"]

[Text] The most recent opinion poll supports the results of previous polls on support for political parties. In a poll conducted by the Economic Research Institute at the end of June for the APU paper, a slight decrease in popularity is predicted for the large parties while, on the other hand, the Finnish Rural Party and the Greens will increase their percentages.

Economic Research interviewed 1,808 voting age citizens in 139 communities. The poll was conducted in June, but the majority of those interviewed was toward the end of the month when the SDP and the Center Party had already held their congresses.

Support for the Center Party and its member organization, the Liberal People's Party, fell off the most. Their combined support was 16.6 percent, which was 0.7 percent less than the support measured in the previous poll conducted by Economic Research last March.

The Social Democrats are reaching 24.9 percent. The drop from the March figures is 0.3 percentage points. On the other hand, the SKDL's support is stabilizing. The same 12.4-percent support as in the spring is being predicted for the People's Democrats, who have been on a downward turn for a long time.

Economic Research received a 20.7-percent support rating for the Conservative Party or 1 percentage point less than in March. A few weeks ago the M-Data Center calculated Conservative Party support to be 19.8 percent.

The Rural Party and the Greens are increasing their support. Instead of the previous 8.3 percent, it is predicted that support for the Rural Party will increase to 8.7 percent. The Greens now received a support rating of 7 percent, which is a full 0.9 percent more than in the spring.

The miniature parties, the Swedish People's Party and the Finnish Christian League, have lost quite a bit of support. It is predicted that support for the RKP [Swedish People's Party] will now be 4.6 percent and an even 3 percent for the Christian League.

The most surprising result was the support rating received for the Constitutionalists. The support rating of 1.7 percent for the POP [Constitutional Rightwing Party] is three times greater than in March.

## PLISSONNIER ON DECISION TO WITHDRAW FROM CABINET

Paris L'HUMANITE in French 26 Jul 84 p 4

[Serge Leyrac interviews Gaston Plissonnier, secretary of the PCF Central Committee]

[Text] The Communists absent from the government: How the decision was taken.

An interview with Gaston Plissonnier, secretary of the PCF Central Committee.

So, the Central Committee of the French Communist Party did make its choice on Thursday, 19 July, toward 8 p.m. It had been a long night, rich in debates and broken up with waiting. Like railroads whose tracks divide then meet again to become one, there were, strictly speaking, two discussions: One, between the Communist Party's delegation and Laurent Fabius, the new prime minister; the other, within the Party leadership. One question, and only one, but of what significance, was asked: Are conditions suitable for the communists to figure in the next government? The answer, unanimous, came at dawn: They are not.

Many things were said and written about the Party leadership proceedings, many things that had only a hypothetical, if any, relationship to reality. Gaston Plissonnier, secretary of the Central Committee, witnessed the events that led to the Communist Party's decision. Circumstances made it so. As we shall see, no one was in a better position to set the facts straight and give them to us in answer to our questions.

The interview published here sheds some crucial light on both basic facts and the real chronology of events. Its interest, however, does not stop here. It shows us the working and internal life of the meetings of the Communist Party's leadership. As a result, many preconceived ideas are somewhat knocked down. We are faced with a Political Bureau acting collectively, taking initiatives and submitting major issues to the deliberations of a Central Committee which has the final say.



[Question] First, when was the Communist Party's leadership informed of the Mauroy government's resignation?

[Answer] We learned about it on Tuesday evening at 8:15 through the televised news. For all of us without exception, I insist on that point, the decision was unexpected. I am adamant about that.

[Question] This historical point having been clarified, the scene must be set and the political, social and economic context established.

[Answer] As it has been incessantly explained for more than a week, the leftist government had implemented positive economic and social measures in 1981 and 1982. However, the situation of the wage earners had worsened and the purchasing power dropped since the austerity program and the shift in policy by the authorities. Unemployment was once again rising steadily. The French people with a low income were the most affected. The great mass of them did not understand that, having selected a socialist, and therefore leftist, president of the republic in June 1981--the government leadership and the absolute majority of the National Assembly also being socialist--promises were not being kept.

The result was that during the 17 June elections for the European Assembly, 6.5 million voters, who had previously voted Left, abstained and, furthermore, the socialist voters in larger number than the communists.

[Question] Consequently, did the European election seem like a warning shot?

[Answer] Yes. We took this warning very seriously. The government was supposed to take it into account. It was not done. Our concern did nothing but grow over the weeks which followed the 17th of June and the meeting of the Central Committee which had reviewed the causes and results of the election. The government took a few political steps which showed that it was not moving in the right direction to straighten out the situation. Withdrawal of the Savary draft bill on schools, upon the president of the republic's request, is an example. The bill was not very good to begin with, but there was much risk that it could be replaced by a more negative one, more conform to the wishes of the Right. Consequently, the Political Bureau held its meeting on Tuesday morning, 17 July. It discussed its problems once again and issued a statement concerning the government's policy, a statement whose principle had already been retained by 12 July.

[Question] Had this statement then been drafted before the announcement that the Mauroy government had resigned and Laurent Fabius had been appointed?

[Answer] Exactly. When the news was released, we met and decided that it had to be published in L'HUMANITE. This text shows well how strong was the idea that we could no longer continue in this manner.

The first statement issued by Laurent Fabius, soon after his appointment as prime minister, only confirmed our worries. He said that he was determined to follow the same austerity policy. Thus, instead of learning from the 17 June elections and answering positively the voters who had expressed their discontent, the authorities did the opposite since they were being swayed by the pressures of the Right.



Such an attitude goes counter to previous agreements. It could have serious repercussions on economic and social, as well as political, grounds when the days of reckoning come up.

[Question] Let us come to the scenario of events. You are in a good position to describe them to us exactly since, in Georges Marchais' absence, it is you who has been ensuring for a long time the coordination of the Party leadership.

[Answer] I can, to be sure, but first a clarification. It is true that I coordinate the work of the Party's leadership, but I am not alone. Half of the members of the Secretariat and the Political Bureau were present when the latest events took place. We cooperated very closely and, in my opinion, most efficiently.

Well then, what did happen when we learned about the government's resignation? Simple, we got on the phone the very next minute and, at 9:30 p.m., all the members of the Political Bureau who were in Paris, met here in this room. We then took up once more the analysis we had made that morning, but under different conditions since there no longer was a government. Our views remained absolutely the same: The situation is difficult; it is impossible to continue as before. Under these circumstances, we must ask the prime minister precise questions and his answers will have a bearing on the position that the Party leadership will take.

We decided to convene the Central Committee on 18 July at 8 p.m. and to ask all the members of the Political Bureau who were on vacation to return as soon as possible.

[Question] Were you in touch with Georges Marchais?

[Answer] No. He was resting in Rumania. It was fate that he happened to have been on a trip when these events took place. Not before Wednesday morning at 6:30 was he able to reach me at home. We then arranged for his prompt return to Paris. Our conversation was very short.

Still during that night, between Tuesday and Wednesday, Charles Fiterman and Laurent Fabius spoke on the phone and set up a meeting for Wednesday, 18 July, at 5 p.m. The prime minister was to meet a delegation from the Party leadership made up of Georges Marchais, André Lajoine and Charles Fiterman. However, our plans were foiled by travel schedules. Georges Marchais did not arrive in Paris until a little after 6 p.m. We had to ask the prime minister to postpone our meeting until 7 p.m. It finally took place at 7:15.

Impossible To Continue As Before

[Question] What did happen on Wednesday, 18 July?

[Answer] On Wednesday, then, the Political Bureau met once again at 3 p.m. Almost all of its members were back. We resumed reviewing the situation and our assessment of the previous night; an extensive discussion ensued. Everybody participated. I must say that during this second meeting the idea

surfaced once again, even more strongly than on the previous day, that it was no longer possible to continue as before and that precise questions had to be strongly submitted to the prime minister in order to obtain clear answers which would determine the ulterior position of our Party.

[Question] What are the causes of the Political Bureau's increased determination?

[Answer] We were already very clear on the preceding day. All of us had heard many opinions, especially after the government's resignation was announced. We were told with more insistence during these 24 hours: You must ask such and such question, be more exacting.

#### Another Policy Is Needed

[Question] The Political Bureau therefore met at 3 p.m. before Georges Marchais' return...

[Answer] Yes. Georges Marchais was arriving at the airport at 6 p.m. We had not spoken to him since 6 that morning. There would be no time for him to go to the Central Committee's headquarters. Consequently, the delegation appointed to meet with Fabius met him at the airport. I was also asked to go along. We had a brief meeting right there. I told him about the Political Bureau's views. There was no need for a lengthy discussion as Georges Marchais fully agrees with those views. It is then that we finalized the questions to be asked the prime minister.

#### Meeting With Laurent Fabius

[Question] What happened after the delegation's meeting with Laurent Fabius?

[Answer] Following the meeting with Laurent Fabius, the delegation gave a report to the Political Bureau, which had been called once again, about the meeting, our proposals and the answers given. Except for a few nuances in terms, those answers are off the mark. It is a confirmation that the same policy will continue.

The Central Committee's meeting opened at 11:30 p.m. I was asked to present a summary of the analyses made over the past 24 hours, our conclusions and the results of our meeting with the prime minister. The delegation assessed the meeting with the prime minister.

[Question] Did your presentation to the Central Committee contain at that time conclusions concerning the attitude to be adopted and whether or not the communists would remain in the government?

[Answer] The idea that it would be very difficult, under those circumstances, to participate in the government was submitted in that presentation. An extensive discussion ensued with 25 to 30 comrades taking part in it. The Central Committee, as agency of the Party leadership, decided unanimously to submit once again to the prime minister the questions previously presented by our delegation.

A letter signed by Georges Marchais was therefore immediately sent to Laurent Fabius. It contained the proposals which appeared in their entirety in the Central Committee's statement which was made public. The prime minister answered it, requesting another meeting. It took place at the Matignon Hotel around 5 a.m. on Thursday, 19 July, and lasted for one hour and a half. Unfortunately, it became apparent that nothing had changed. The prime minister reasserted his political intentions. Since then, his speech before the National Assembly showed that Laurent Fabius continues on the same line.

Our delegation returned and passed the information to the Central Committee which noted that nothing had changed during the night as far as Matignon was concerned; which made it impossible for the Communist Party to continue its participation in the government.

We each submitted our opinions and arguments. The decision which we took unanimously, regretfully since we had no other choice, is the deep expression of the Party leaders' views.

[Question] This decision immediately became the subject of commentaries which changed its meaning. Was it not said, for example, that the personality of the new minister had something to do with it?

[Answer] No. Judgment is based on political action and facts. The problem is not to know whether or not a person is more or less ingratiating, more or less in fashion. What counts are the proposals, facts and acts.

Others declared that the Party leadership had seized upon the problem of the new government in order to avoid or stifle the debate began within the Party after the European election.

It was the Central Committee, therefore the Party leadership, which decided during its meeting following the 17 June elections that a debate and extensive discussion were essential. The day after that meeting of the Central Committee, we asked the federal leaderships and all of the Party's organizations to meet, think, debate and give us some feedback. That is what is already underway. Not only do we not intend stifling such a debate, but we want to carry it through. We want it to find its full dimension within the preparation of the congress.

Not Withdrawing

[Question] What will the communists do now? Will they seek refuge in the opposition?

[Answer] In order to reverse the course of the current situation, it is necessary to have the political will to do so. The prime minister's general policy statement to the National Assembly does not move in that direction.

The political situation has obviously changed since we were unable to be part of the government. Our position, however, is not one of withdrawal. In no way are we abandoning the 1981 large-scale objectives aimed at fighting the crisis; they are, more than ever, crucial. We assess governmental action on the basis of this

essential fact; it will guide all our activities in both the Parliament and the country.

We will actively battle the Right, its machinations and reactionary pretensions.

I also want to emphasize that the Communist Party will not engage in a whole or nothing policy. While working toward an union of the Left and the rallying of all the common people, it will support full speed ahead any positive measure; it will itself make proposals to that effect in order to fight the crisis and achieve measures of democratic progress.

6857

CSO: 3519/458

## PAPANDREOU'S STYLE OF GOVERNMENT SEEN 'TOMFOOLERY'

Athens I KATHIMERINI in Greek 12-13 Aug 84 p 8

[Article by "E": "Fooling the People...."]

[Excerpts] "What is it that you dislike the most about the Papandreou government?"

The answer comes out easily, almost automatically: "The fact that it fools people."

We have a prime minister who could get a gold medal in all the competitions for political prestidigitation.

He fools his ministers and his followers, and the faithful who try to emulate him fool, in turn, those around them. Andreas Papandreou is the only phenomenon of his type in the entire civilized, free world.

No other leader fools people so light-heartedly and with such ease and complete disdain for other people's intellect. We happen to have the best, or, if you prefer, the worst one. And of course, the surprising ease with which he overcomes all problems, all obstacles, all crises is the result of the Greek people's tolerance.

The people accept tomfoolery. They may not be aware of it, they may forgive it, or they may see it as proof of cleverness.... Nobody knows for sure.

We must not forget the slogan: "Out with the bases! The PASOK keeps its promises!" The posters came out on Constitution Square as soon as the agreement on the bases was signed.

At the time, we thought that someone would climb up and tear them, or throw paint on them! We thought, it is impossible, someone is bound to get angry with this continual fooling.

What a mistake!

The posters multiplied themselves, the lie spread over the entire city and kept a distinguished place for weeks at a time and except for some articles in a number of newspapers, no one seemed perturbed.

A few days ago, one of the participants at a meeting between Papandreou and a group of industrialists told us very simply: "The entire discussion was an act of tomfoolery. He did not tell us anything important, he did not pay any attention to what we had to say. A smile, irony, confused explanations.... It was indeed shameful!..."

Now, we all know that this is Papandreou's "style." It has always been the same, from way back, and if we had forgotten it, we have been reminded of it for the past 3 years.

There is no merit in discussing his own system of governing nor his character, because neither one is liable to change.

Few people improve with age and gain in knowledge and wisdom. On the contrary, faults become more obvious and obstinacy, eccentricities and selfishness become worse most of the time.

As well as ambitions.

These realities are not unique to the Greek character; they can be found in all ethnicities and at all times.

We must therefore nourish no hope and no illusion that Andreas Papandreu will change into a prime minister who respects the people and himself, who will show us sincerity and who will behave in a democratic fashion.

One thing is certain: he will continue to fool us. What are we to do?

And I am not only talking about those of us who oppose him, but also about you, his followers; how will you react?

Our prime minister dares to fool us and he will continue doing it, because he is encouraged by this strange, dangerous tolerance that is plaguing Greek public opinion, that is drugging Greek citizens.

This clever fellow. Clever, did you say? A genius, a fantastic intellect that has the devil in him, a clairvoyant man full of fire.

Yes sir....

This is what Greeks tell themselves, and they unfortunately believe it. They call quickness of mind discernment, they term a shining eye cleverness, they look at fraud as useful astuteness and they consider the lack of elementary knowledge a national talent.

Why shouldn't they accept to be fooled, when they are always fooling themselves?

They teach their children to stammer: "A Greek neck can bear no yoke," while-- as we have repeatedly said--a Greek neck rather asks for a yoke.



He is now saying and writing that Greece needs no one, that every one needs Greece, that we are NATO's foundation, the EEC's cornerstone, the hope of the Third World, the guardians of peace, Europe's "cultural soul" and the ideal Democracy....

Are we ever going to wake up? And so enough?

Will someone get up in the Chamber of Deputies, in the street, on television (illegally, of course, before they cut him off) and shout: "Stop thinking us idiots! Enough with tomfoolery! Enough with lies, fairytales, cheap jokes!"

I don't ever remember--and I happen to have a good memory--another free government--let's forget dictatorships, foreign occupations and colonels--that has proffered so shamelessly fraudulent promises to the Greek people, that has taken such pride in non-existing accomplishments, that has made so many gaffes, that has lost so many precious friends, that has awakened so many antipathies.

And all in such a relatively short time.

Are we going to allow this condition to continue? Will the Greek people, without regard to political convictions and interests, let themselves be fooled so openly, so obviously, without a second thought and without shame? Are they such fools themselves that they deserve it? Are they such fools themselves that they deserve it? One would hope not.

CSO: 3521/335

## ANTI-KARAMANLIS GROUPS REPORTEDLY ACTIVE

Athens I KATHIMERINI in Greek 1-2 Jul 84 pp 1, 3

/Article by Stamos Zoulas/

/Text/ The most probable and likely explanation for the talk of plots that PASOK has been engaged in over the past few days is that there is a group within the ranks of the party that has unleashed an attack against the president of the republic. According to all indications goals of this group is to "prepare" public opinion to the possibility of a rift between the government and the president and of damage to the authority of the institution so as to slander in advance any possible exercise of constitutional prerogatives in case the development of events makes it necessary for Mr Karamanlis to make such an intervention. This conclusion was reached by ranking elements of our political life. They feel that the effects of the "calming" results of the Euro-elections will not last longer than 3 months and that with the resumption of the chamber of deputies sessions in the first part of October political ferment and uncertainty will once again become prevalent. The center of all of these conjectures and estimates is the May 1985 presidential elections --the second after the Euro-elections milestone-- that directly influences political developments of the country and holds as possible the prospect that the next parliamentary elections will be held between October 1984 and March of next year.

The reasoning with which PASOK's "anti-conspiratorial" group is acting is based exactly on the fact that in order for the "Government of Change" to complete its 4-year term of office it must leap over or surmount the presidential election "obstacle." And a condition for the attainment of this goal is the approval, cooperation or even the coercion or political neutralization of Mr K. Karamanlis.

This same group has strongly opposed the "one-sided" proclamations by Mr Papandreou to the effect that PASOK would gladly renew the term of office of the current president, and has demanded of the prime minister at least to negotiate such an offer in order to ensure similar concessions and obligations of Mr Karamanlis for the unconstrained "completion" of Change.

Two "Given Facts"

It is evident that the above-mentioned suggestions about the imposition of conditions for PASOK's voting for the current president of the republic are based on two "given facts." First of all that Mr K. Karamanlis "ardently and at any cost"

wants to be re-elected to the highest office of the state and indeed with the present make-up of the Chamber of Deputies a fact that will stamp his above-party political offer since he would be voted for by the two major political parties. Secondly, that the present Chamber of Deputies could elect another person president --besides Mr Karamanlis-- designated and supported by the joint PASOK-KKE majority.

The big question is to what extent these two factors are "given facts."

From what has been made known, Mr Karamanlis did not answer the indirect "offers" by Mr A. Papandreou and has never expressed any opinion whatsoever on the possibility of his contending for the presidency next May. The silence and indifference of the current president, in contrast to the repeated allusions by the prime minister and the obvious concern by PASOK with regard to the presidential election reveals the real political dimensions of the issue. In other words, it confirms the advantageous position of Mr Karamanlis who maintains the initiative of control over political movements in view of the May milestone.

#### The Three Presidential "Movements"

There are three such movements. Specifically, Mr Karamanlis (a) agrees to being re-elected president by the present Chamber of Deputies, (b) does not agree to renewing his mandate with the present make-up of the parliamentary party strengths, and (c) withdraws from politics.

From a comparison of the three movements it ensues that any decision by Mr Karamanlis, except the approval of his re-election by the present Chamber of Deputies, clearly influences political developments, with the more likely interpretation being a speedup of parliamentary elections. And this without the president of the republic having recourse to any kind of constitutional prerogative but merely through his refusal to have his mandate renewed.

Of course, of equal importance with the choice of the movement is the time period when the presidential intention is made known. There is no reason for Mr Karamanlis to hasten making his decision since it will be shaped in conjunction with political events at the time of the election.

On the other hand, Mr Papandreou and his close associates "would give their all" to be informed from right now on the president's intentions so as to draw up their own policy vis-a-vis the May test.

#### A Planned Rift

It is exactly the knowledge of this weakness in conjunction with the realization of the president's superiority that has created within the government party tendencies to plan a rift between the government and the chief of state so that the initiative of the movements would come to PASOK.

The supporters of this view, as evidenced from the recent intra-party revelations and proclamations, belong to the "hard-line" party cell. They are also known for their extreme fanaticism which is contrarily analogous to their political judgement. The latter is confirmed by this group's planning and trying to prefabricate revolt within PASOK and bringing Mr Papandreou before faits accomplis....

The result, however, as is the case in all cases of deliberate or unintentional provocation, was altogether the opposite. The charges by the government --with the occasion of the Fotilas issue-- over undermining activities from the outside were ridiculed and the prime minister was obliged, at a sensitive moment, to reiterate his trust in all his associates without exception and to proclaim his devotion, mixed with respect, to the institution and to the person of the president of the republic.

Up to now there were indications that the prime minister and most of the government cadres not only did not share but also condemned any planned exacerbation in their relations with the president of the republic. Besides, Mr Papandreou has repeatedly confided to his entourage that Mr Karamanlis' presence at the highest office of the state had created a feeling of security and stability of institutions so that in 1981 the Greek people were able "to test" PASOK. The knowledge of this certain co-officiating of the current president as a "safety valve" and of the developing but ...still unformulated "Change" still prevails among a large segment of PASOK cadres. Therefore, the prime minister and his most prudent associates are not worried so much if the present majority of 182 PASOK and KKE deputies is unanimously obedient to an order to vote for another president -- other than Mr Karamanlis. To the contrary, it appears that they are reflecting more over the effects of such an undertaking on public opinion. In other words, the loss of the feeling of security and stability of institutions especially if a rift between the president and government were to ensue from such an undertaking.

In fact, the ambition of the "hotheads" to impose more grim party discipline and submission to PASOK so as not to adulterate the marginal and contested majority of 182 deputies comes in direct conflict with the skill shown by the prime minister up to now with regard to the question of dismissals. However, the ousting --at least 10 are already known-- of deputies of the movement from the slate of the next elections assuredly does nothing but confirm PASOK's leadership's "agony" over maintaining the "critical" majority.

According to reliable information, besides the above, Mr Papandreou has also been informed of strong KKE opposition to any possible planning by the government to bring about a rift with the chief of state. The KKE has the experience and capability to appreciate more correctly than PASOK's "hotheads" the significance of Mr Karamanlis' presence in the presidential seat. And, above all, to realize more precisely the effects of a state clash that would die to party thoughtlessness.

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CSO: 3521/292

## COMMENTS ON PASOK-EUROPEAN SOCIALISTS' RELATIONS

Athens | KATHIMERINI in Greek 10 Jul 84 pp 1, 4

/Article by Rikhardos Someritis/

/Text/ Key spokesmen of European socialist parties have begun to say--orally but also in written reports--that it is necessary to have an honest and public clearing up of relations with PASOK.

The Socialist International is no "komintern" and there is no socialist-democratic Kremlin. Therefore, there is no question of "condemnation" or "excommunication" of the A. Papandreou Movement. Nor a question of severing relations.

The problem is this: The current bilateral relations between almost all socialist and socialist-democratic European parties and PASOK--each at a different level of "friendship" or "understanding"--do not allow misunderstandings and excessive "identification" since PASOK itself overemphasizes its own peculiarities, thus blocking (temporarily?) the prospects of its joining the Socialist International.

For several years the only "organic" connection of PASOK with the European socialist movement is the participation of the PASOK Eurodeputies in the socialist parliamentary group in Strasbourg. This participation required certain negotiations while the PASOK leadership tried to present it as *suis generis*--something which was not supported by any facts.

The "godfathers" for the induction of the PASOK Eurodeputies in the socialist group of the European Parliament were mainly the French and Belgian socialists who received a great deal of support by Willy Brandt. Their hope was--until recently--that this first step would be followed by others: PASOK joining the Union of European Socialist Parties and then the International--which in any event could not be considered prior to the PASOK Congress and the even formalistic democratic election of its leadership.

But all the recent messages concerning developments within PASOK rather bear out those who never took seriously the democratic and socialist character of PASOK and who prefer to place it in the category of the nationalist populist and autocratic movements of the Third World, with progressive tendencies. Its representatives at Strasbourg had no way of proving to the foreigners that

this was not true.

It is a fact that the Socialist International and most of the major representative parties composing it wish close relations with these movements, provided public opinion is not given the impression that they have an ideological or even methodological kinship.

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CSO: 3521/302



ND, KODISO, KKE'S POST-ELECTION INNER WORKINGS

Athens POLITICA THEMATA in Greek 13-19 Jul 84 pp 13, 15

/Text/ There are some political soap operas with a bigger or smaller audience, which continue almost monotonously but are no less interesting because of that. Playing with a few protagonists and although there is not much action, they hold the public interest in the absence of other spectacular events. Here are a few of them:

ND: Skirmishes

Who does not know that a question of leadership exists in this country? Maybe only the man who causes it and who, according to the rule, the husband is the last to know, has not learned or does not want to learn what is going on.

But for those who do not want to live on illusions, we must say that the question--problem of the ND--the question of leadership--not only exists as big as ever, but it may have become even more pressing after the Euroelection. The strange thing is that while the need to settle it rapidly is generally recognized, it remains a whisper in the hallways and a dream of the aspirants who recognize it in private but...overlook it in public.

This is a political phenomenon. If this applied to some minor party it would not matter, but in the ND case, it almost blocks the country's political prospects and this at a time when the opponent may spring a surprise.

ND should be able today, without internal contradictions and delays, to move with clarity to a presentation of its policies at least toward the country's major problems. Instead it engages in an internal game of skirmishes with different people trying to achieve different objectives. And at the same time it limits itself to a rather sterile reaction to the governmental decisions.

The Congress

Apparently to quiet down all this and to gain time for more dispassionate assessments the idea was brought up to conduct intra-party elections for 60 nomes and 1,800 local committees throughout the country with 9-15 members each--under the supervision of the Central Committee of the Party's Regional Organization.

The proposal (by Varvitsiotis) has been accepted and from the completion /of this election/ which is set within 1984, will depend the timing for the party Congress which, of course, will also depend on the timing of the parliamentary election.

With these prodecural steps, which were necessary from the organizational point of view, the question of leadership is pushed further into the future unless a significant number of the Parliamentary Group members raise the issue.

#### Center: In Search of a Leader

For years now another soap opera is played in the area of the Center. There a few "seal keepers" with a signboard under the arm talk over and over about the "problem of unity of the centrist forces" which each sees through his own myopic lens being solved with him becoming the leader. They agree on everything (policy, organization, composition of committees, and title) and there is only one...insignificant point remaining--who will be the leader. Of course, they all declare that they are ready to serve as soldiers, but when the time comes for appointing the...sargeant they all forget about being the soldier. And the soap opera goes on.

#### KKE: Unity

Here the soap opera has the title: "The Game of Unity." Since 1945 KKE has been saddled with a percentage. The percentage was discovered then by an international committee of observers, but KKE reacted violently. And every time it assembled people in the squares /for demonstrations/ it referred with derision to this percentage. Then in all the elections it took part it found a way to keep its followers happy by claiming that pressure and fraud altered the electoral results. But once elections became truly free the myth collapsed.

Then KKE was truly surprised and made every effort to reach 17 percent, a percentage which would entitle it to participate in the electoral gains under the system of reinforced proportional representation.

But it had been unable to reach 17 percent. The only possible approach is the unity (of all progressive forces) against the reactionary right, etc., etc. Its dogmatic and stubbornly anachronistic attachment to this is such that it cannot see that PASOK is its real opponent and continues to regurgitate the old slogans about multinationals (with which its ideological mentor works quite closely), imperialism, the NATO militarists and all reactionary forces.

Unity is the only remaining policy for KKE. But it understands unity in its own way and we all know its way ("There is only one party.") On this point KKE-Interior has considerable knowledge.

#### KKE-Interior: Fear and Necessity

If we lived in an older time we would have called it an offshoot of KKE. And in a way it is since it was born like Athena from the head of its ideological parent. The "Interior" suffers under the pressure of the "Exterior" (we do not subscribe to the suffix except for a contrast). Its struggle for autonomy with its meager finances often takes a dramatic form.

It is certain that without the opposing fear the KKE-Int. would dare to say more with its critical intentions. But today it appears hesitant and reserved because its voice cannot reach, could not be heard under the clamor that would follow if, for instance, it declared that as long as the dispute with Turkey continues our participation in NATO is a necessary policy.

Of course, it could change its name, to overcome its handicaps and vacillations--this party of the Marxist Left. But at this point sentimentality, stubbornness and egotism intervene. How can one abandon its flag and seek a flag of convenience?

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CSO: 3521/302

## SIMITIS REPORTED SOURCE FOR ROMIOSYNI ARTICLE

## Simitis Suspected

Athens ENA in Greek 12 Jul 84 p 10

/Text/ The end of the "Fotilas affair" and the discovery of the source (or sources) for the ROMIOSYNI were the key points of the search by the /PASOK/ Executive Bureau. The position of each member of the Bureau on these two issues indicated his views on the overall policy and activity of the governing party.

With regard to the source of ROMIOSYNI the Bureau examined the possibility of an "indirect" or "unwitting" informer. Specifically, a report reached the Executive Bureau of PASOK that "a minister, one of its members, was heard to confide to his closest associates in the ministry information and suspicions similar to those published in ROMIOSYNI under the K. Geronikolos byline."

The only but significant difference between the confidences of the minister and the newspaper report was that the former contained certain names (Alevras and Lazaris) while the newspaper added other names (such as that of G. Mavros).

The report that reached the PASOK Executive Bureau included the name of the minister--the name of the minister of agriculture and Executive Bureau member Kostas Simitis. One additional damaging element for the minister of agriculture was that the ROMIOSYNI report carefully turned suspicion away from him, stating that "the plans of the ruling class rule out the creation of a social democratic party." As it is known, the left wing of PASOK suspects Simitis of "social democratic deviation."

The report could amount to an accusation only in the event it was brought before a plenary meeting of the Executive Bureau so that Giannis Alevras, personally mentioned in the newspaper report, could be present. This is because many PASOK senior cadres in private discussions express "fears" regarding the cohesion of the Movement with the obvious objective to slander other cadres with whom they disagree.

In the same developments within the Bureau there was a discussion about the fate of Asimakis Fotilas, i.e., whether his actions justify his expulsion from PASOK or whether they constitute merely a political disagreement. The expulsion was strongly supported by Vaso Papandreou, Kostas Laliotis, D. Rokos,

and Akis Tsokhatzopoulos. It was opposed by Giannis Alevras, G. Gennimatas, and K. Simitis who noted that PASOK cannot appear forever as the party which does not tolerate political disagreement.

The views on the Fotilas affair presaged in effect the political attitudes of the Executive Bureau members.

Specifically, Vaso Papandreou, D. Rokos and St. Tzoumakas (alternate member) raise the issue of withdrawal from the European Community. On his part, D. Rokos goes even further, proposing the steady development of PASOK's relations with the KKE. In other words, he seeks the positive further development of the moratorium between the two parties.

On the other side is supposed to be Giannis Gennimatas who seems to have concluded that the party was harmed by the "anti-right revanchism" of certain cadres of centrist origin, while on the other hand KKE did not have the expected benefits. Determined to support the development of intra-party democracy, the minister of health and welfare is gaining support among all factions in the Movement.

The overall intraparty developments--limiting the shine of Simitis' rising star, cutting down the influence of Akis Tsokhatzopoulos in the Central Committee, undermining G. Alevras through the ROMIOSYNI article--make Gennimatas the rising pole of attraction within PASOK. Not a few fear precisely because of this rise that the next target of another "conspiracy story a la ROMIOSYNI" will be Gennimatas.

#### ENA Magazine Discounted

Athens ETHNOS in Greek 12 Jul 84 p 2

/Text/ Premier A. Papandreou in a harsh statement yesterday denounced the magazine ENA for its story about the "conspiracy tales." Papandreou, referring to the story, said: "The story is shameful and false. The management of this magazine has reached the nadir of journalism. They should be ashamed of themselves. They have no place in Greek journalism."

At the same time, Agriculture Minister Kostas Simitis, who was mentioned in the magazine article, said: "The alleged story of the ENA magazine that I leaked to ROMIOSYNI the data about the conspiracy is slanderous and untrue."

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CSO: 3521/302

## 'CIVILIAN' RESTRUCTURING REPORTED FOR KYP

## Details Provided

Athens TO VIMA in Greek 11 Jul 84 p 3

/Text/ A special Presidential Decree legislates the modernization of the Central Information Service /KYP/ structure (which since last January has come under the premier's jurisdiction) to facilitate its exclusive orientation toward matters of national security.

The appropriate committee, headed by ministers I. Skoularikis and Ant. Drosogiannis, includes the commanders of KYP and the National Security Service /YPEA/ G. Politis and Anast. Bouras and other high officials. It has resumed its work following a recess during the electoral campaign and will soon present a comprehensive plan for KYP's "civilian" restructuring.

One of the most significant changes discussed by the premier with close associates is the mode of selecting the chief of KYP or the overseeing Council-Liaison with the premier's office. The government wants this person to be of "common acceptance" and the mode of selection (e.g., with a parliamentary vote) to become a binding precedent.

A decision-instruction of the premier also calls for drafting a new organizational charter for KYP which will guarantee its purely civilian-planning character and will safeguard it in the future against "infiltration" and one-party influences. However, because of the crucial nature of certain national issues and the absence of experienced civilian personnel, the committee members have come to the conclusion that it will be harmful to immediately remove all military personnel now serving in KYP.

For this reason, side by side with the gradual replacement of the KYP military personnel, it has been decided to train its civilian personnel (approximately 1,200) in modern systems of communication, codes, data analysis, etc., and to hire experts on merit.



## Restructuring Denied

Athens ETHNOS in Greek 11 Jul 84 p 7

/Text/ The report of an evening newspaper concerning the civilian restructuring and modernization of KYP is not entirely accurate and it is premature, according to a statement by government spokesman Dimitris Maroudas.

Setting the government's aims on this important issue, Maroudas noted: "As previously stated the government's goal is to have the KYP activities related exclusively to the country's national security. The government wants KYP to play such a role, and of course, it works to devise a new structure which will serve national security."

A government source categorically denied the report of another newspaper that Monday afternoon there was a meeting, under the chairmanship of Premier A. Papandreou and with the participation of Deputy Minister of Foreign Affairs Giannis Kapsis, which examined the entire spectrum of defense relations with the USA.

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CSO: 3521/302

## 'FASCIST' TENDENCIES SEEN IN BOTH PASOK, ND

Athens ENA in Greek 5 Jul 84 p 17

/Article by P. Bakogiannis/

/Text/ The leader of the ND showed his real face and the chairman of PASOK reaffirmed his. The former accused his parliamentary deputy of treason, the latter spoke of a "suspect role" for his deputy minister who resigned. And the government declared that we are facing a "conspiracy". This is a complete identity of views of both party leaders in their effort to conceal their inability to lead their parties through democratic procedures and to tolerate even an expression of opinion by their parliamentary deputies and cadres.

Evangelos Averof, after throwing mud on deputy Th. Sofoulis, threw him out of the party and then called the party's disciplinary council to confirm his decision. The Sofoulis "crime" was: He asked for a meeting of a party organ, the Parliamentary Group, to discuss the results of the 17 June election. A fascist-like way of thinking by the leader and by those who cooperated in the legitimization of his decision.

The same fascist-like way of thinking also /exists/ in PASOK. Deputy Minister for Greeks Abroad A. Fotilas resigns. His premier throws at him the mud of the suspect role and the government representative attributes to him, indirectly but clearly, even participation in a conspiracy! Of course, in PASOK, before the cock crows, the conspiracy was found to be centered in formerly "favorite boys" of the premier.

The "conspiracy-mongering" and "treason-mongering" are clearly incorporated as part of the political fight and constitute a certificate of political and leadership poverty for the parties and their leaders. What can a parliamentary deputy, a cadre, do when he wants to express his opinion--regardless of whether it is right or wrong? Is it treason to ask for the meeting of a party organ? Is one's role suspect when he disagrees with certain decisions of the party leadership?

There is, of course, terrible verbal polarization between PASOK and ND, yet in reality they have an affinity both in thought and action with their fascist-like reaction as the common denominator. This reaction, this behavior, is supported and cultivated--in fact it is often promoted--by a large part of the

Greek press. It is worth noting that those in charge in these newspapers show a strange reaction to the so-called "thought". The actual samples of critical thought in what they write and their consequences are unfortunately scarce. The tragic depth of foolishness, irresponsibility and carelessness we show in all our sociopolitical actions is fully transferred into the written and spoken word, debasing both form and substance.

When we speak of fascist-like reaction we use this term in its true meaning. Is there any right-thinking modern Greek who can find arguments to justify and legitimize the ND decision in the case of Th. Sofoulis or in the treatment of A. Fotilas following his resignation? As though it is not entirely natural in a democratic process and society for every member of the Parliamentary Group to have the inalienable right to raise a question of leadership, or for the member of a ministerial council to resign in disagreement over policy, without such action to mean any treason, conspiracy, or any other label used by fascist and totalitarian regimes past and present, which as is known, has a single goal and function:

The collectivization of the independent, liberal personality of every political person;

The coercion into obedience of every freely thinking man;

The mindless submission to the power of the leader; and

The suffocating of every democratic and liberal discussion.

Finally, we find that the structures of the present-day Greek sociopolitical system in effect cultivate a fascist way of thinking and conscience, constantly covered under a mantle of sloganeering about democracy to be swallowed more easily by the Greek people. The ancient Greek word "democracy" has reentered the current Greek vocabulary but without being accompanied by the necessary thought, action and mentality.

7520

CSO: 3521/301

## DISAGREEMENTS REPORTED IN PASOK EXECUTIVE BUREAU

Athens ENA in Greek 5 Jul 84 p 11

/Text/ The post-election meetings of the PASOK Executive Bureau /EB/, and there were quite a few of them, were the most lively meetings of this organ since 1981.

In the view of a former Central Committee member of PASOK, "the Executive Bureau functioned with some elementary discussion after many years. This is a positive fact, though not enough."

The basic subject of the meetings was an assessment of the election results and the making of decisions on the future course that must be followed by PASOK and the government.

It will be difficult and risky to divide the PASOK EB into two tendencies with clear orientations and directions. This is because there formed in it temporary alliances similar to those which the government labels as "unholy" when they appear in the syndicalist area and which result in "demand mobilizations." But one can identify a key disagreement within the EB.

The triumvirate (K. Laliotis, G. Gennimatas, and A. Tsokhatzopoulos) is trying to pass over the electoral result with no commotion. They argue that they must avoid a discussion over the reasons for the decline of PASOK and instead examine where the lost votes went "in order to follow the proper policy to bring them back."

One result of this reasoning is the line given by the EB to hold extraordinary planning meetings in all Movement organizations with a single subject: "What did PASOK lose and in what direction, within the area of responsibility of each organization"--but not why it lost.

This position was contrasted to the views of the two new members of the EB, K. Simitis and D. Rokkos. Both believe the acceptance of the across-the-board confrontation did not help PASOK but instead gave rights to ND (they charge the triumvirate with this responsibility).

In the view of these two members of the EB, "PASOK would not have gone below 41-42 percent anyway and would not lose first place. Therefore, if such

weight had not been attached to the election no one would have the right to speak of a PASOK decline, since the comparison would have been to the percentage of the /previous/ Euroelections."

K. Simitis and D. Rokkos believe a steady governmental line would have borne fruit while both note the bad impression (and the corresponding bad electoral results) created by the so-called green guards. At the same time, D. Rokkos believes a closer cooperation with KKE will bring gains to PASOK.

The triumvirate believes the votes went to the Right, and therefore it is necessary to make overtures to the center, but without corresponding practical measures. The same view is held by Vaso Papandreou. Here we have the first strange alliance.

The view of the leftist triumvirate is supported by the centrist G. Alevras who calls, however, for a clear-cut centrist line with practical applications in governmental policy. He also tells close associates that G. Mavros "is unfortunately unable to bring together and move the centrist voters. He is discredited."

Of the other members of the EB, G. Kharalambopoulos and P. Moralis remain silent, although it is rumored that the first sides with the triumvirate and the second with Rokkos, while P. Avgerinos remains non-aligned, recently echoing "his chairman's voice."

One more important point: The triumvirate faces indirectly the charge that it is responsible for the erosion of the premier's position since it promoted the idea of placing on the premier's shoulders the entire weight of the electoral campaign. Such a charge has not been openly voiced in the EB, but several party cadres associated with a non-parliamentary member of the EB suggest such hints with increasing frequency. The premier listens but does not take sides. It is a mystery which way he will go. Unverified reports suggest that A. Papandreou had private talks with EB members K. Laliotis, P. Avgerinos, and K. Simitis, and Minister of National Economy and PASOK Central Committee member G. Arsenis. At the same time he waits for the views of A. Livanis and A. Stratis on the results of the Euroelection.

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CSO: 3521/301

## YOUTH ORGANIZATIONS VISIT SOVIET UNION

Athens TA NEA in Greek 4 Jul 84 p 5

/Text/ Approximately 20 members of youth organizations returned impressed after a week in Moscow and Tiflis where they went at the invitation of CMO (the Union of Youth Organizations of the USSR).

They were primarily impressed by two noteworthy events:

The significance given by the Soviet government to their official visit; a significance shown by the meetings they had with high-ranking Soviet officials.

Their extremely warm reception by the Soviet people. Characteristically, one youth said: "Everywhere we went the people asked for autographs as though we were movie stars."

Our 20 young people were invited to Moscow in the context of the World Youth Festival which will take place in Moscow in 1985. The Greek delegation was made up of members from the youth organizations of PASOK, the Greek Communist Youth /KNE/, Rigas Fereos, the Democratic Socialism Party /KODISO/, two university students representing the National Student Union of Greece /EFEE/ and two from the National Socialist Union of Greece /ESEE/.

The delegation was headed by Giannis Nikolaou (member of PASOK Central Committee and acting secretary of the youth committee), I. Grapsas (member of the KKE Central Committee) for KNE, Nikos Filias of the Rigas Fereos, Greek Communist Youth, and Phr. Kondaxis for KODISO.

The official visit lasted one week (June 25 to July 2, 1984). The delegation was divided into four committees and participated in discussions with Soviet youth representatives. They discussed:

- a. The current international political situation and the problem of peace.
- b. The development of Greek-Soviet relations (cultural, economic exchanges, etc.) over time.
- c. The anti-imperialist solidarity of the world's peoples for peace.



d. The problem of youth education.

According to the assessment of our youth, the Soviets attached great importance to the visit. This is shown by the fact that on the very first day they met with Vadim Zagladin, a member of the CPSU Central Committee, alternate secretary of international relations (he is regarded by foreign observers as the top Russian diplomat in the Soviet leadership). The youth discussed with him international problems, the situation in the Soviet economy and the Soviet options in foreign policy.

They also met Mishin, first secretary of the Komsomol (the youth organization belonging to the CMO) and the chairman of the Georgian Republic Supreme Soviet in Tiflis (he is now vice-chairman of the Supreme Soviet of the USSR).

In addition to the morning meetings and discussions on the various subjects each committee had with the Soviet officials, the Greek delegation participated in various cultural and recreational events. In fact, in Tiflis, among the artistic groups was a folk dance group called The Greeks.

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CSO: 3521/301

## BRIEFS

PARLIAMENTARY DELEGATION TO MOSCOW--Eight parliamentary deputies participated in the delegation of the Greek Chamber of Deputies which will visit Moscow from the 20th until the end of July. The invitation has been pending for the past 2 years and they will now take advantage of it. The delegation includes Khristos Oikonomou (of Trikala), Alexandros Damianidis (of Serrai), Athanasios Philipopoulos (of Messinia), and Stavros Marinidis (of Kilkis) from PASOK. From the ND: Vasilis Kondogiannopoulos, known for his pro-leftist tendencies when he was a student in Paris and the...known anti-communists Vyron Polydoros (of Athens Second District) and Nikolas Gelestathis (of Fokis). From KKE, the reputed guardian of ideological purity, Grigoris Farakos. The delegation is headed by Giannis Alevras, the president of the Chamber of Deputies. /Text/ /Athens TA NEA in Greek 12 Jul 84 p 27 7520

PRESIDENTIAL CHOICES--A section of the press insists on focusing its attention on the election of the president of the Republic. With many hints and insinuations, an attempt is made to create confusion and impressions. This tactic may be interpreted, up to a point, by the suffocating of the newspapers to survive in the midst of terrible competition (17 daily newspapers in Athens, 5 in London!). But after a certain point they seem to serve suspect intentions and plans which do not serve the democratic order and the country's legitimate interests. The election of the president of the Republic when it comes cannot be subject to a partisan contest, but the result of a choice of the one who has the special qualifications needed to carry out his difficult duties and especially the political experience and the just political judgment. For such a selection, the narrow partisan criteria must be set aside so the president will be a symbol of unity for all the people, not a partisan instrument, the choice of only one faction. /Text/ /Athens POLITIKA THEMATA in Greek 13-19 Jul 84 p 207 7520

ROYALISTS VIS-A-VIS EPEN--It is rumored that prior to the Euroelection many friends of former King Konstandinos advised him to declare that he had no relation with the extreme right-wing Greek Political Union /EPEN/ which wanted to have as its emblem the dictator G. Papadopoulos and for followers the friends of the dictatorship. Konstandinos listened to them, agreed with them, but in the end did not make the declaration. At the last moment he heard his "close associates" in London. The result was to displease many friends of the royal institution who do not want to be associated with the junta. /Text/ /Athens ENA in Greek 5 Jul 84 p 157 7520

## SDP CONGRESS MUST ELECT NEW CHAIRMAN, DEAL WITH DROP IN SUPPORT

## Leftist Paper on Chairmanship

Reykjavik MORGUNBLADID in Icelandic 13 Jul 84 p 7

[Commentary by 'Staksteinar:' "Waiting for Kjartan Johannsson"]

[Text] There was a news item on the last page of THJODVILJINN yesterday on movements within the Social Democratic Party concerning the party chairman's position at this fall's party congress. Various names have been mentioned as possible candidates. The THJODVILJINN news report is published in its entirety in today's 'Staksteinar.' Also discussed in the news item is the fear that has taken root in social democratic ranks with respect to how leftists were eager to go to the United States ambassador's ball. Part of the discussion is published from yesterday.

## The Problem of the Chairmanship

Published on the last page of THJODVILJINN was a news item to the effect that there is growing tension within the councils of the Social Democratic Party this autumn on account of the uncertainty that prevails on the party chairmanship. It is stated there: "Bjorgvin Gudmundsson from Reykjavik has added his name to the group of those members of the Social Democratic Party that are mentioned in terms of the Social Democratic Party chairmanship. THJODVILJINN sources among Social Democratic Party members report that the only thing that is lacking is a statement from Kjartan Johannsson that he will not stand for reelection to the party chairmanship at the party congress this autumn. Candidates and their supporters have thus taken up starting positions.

"The candidates are said to be in agreement about the need for such a statement to come from Johannsson. The Social Democratic Party cannot endure another battle for the chairman's position as when Benedikt Grondal ousted Gylfa T. Gislason and Kjartan Johannsson in turn Grondal. If there is a fight over the chairmanship at the party congress against Johannsson's will, there will be the danger that the party will disappear once and for all from the ranks of the functioning political parties. Those mentioned in connection with the

party chairmanship or deputy chairmanship in the past are Sighvatur Bjorgvinsson, Arni Gunnarsson, John Baldvin Hannibalsson, Johanna Sigurdardottir and Bjorgvin Gudmundsson. These potential candidates and their supporters must, for reasons indicated above, more slowly and await Johannsson's statement. However, such is the dissatisfaction and exasperation with the chairmanship of Johannsson that some social democrats have discussed the proposed withdrawal with Johannsson himself. Johannsson has still made no statement, in spite of the fact that even the Hafnarfjordur social democrats have been opposing him in recent months."

Within the Social Democratic Party, people think it almost certain that Johannsson will seek reelection to the chairman's position and many think that Johanna Sigurdardottir may seek election to the party deputy chairmanship. But THJODVILJINN may be right, on the other hand, that many have been seized by election fever and desire to sit in the position of the Social Democratic Party chairman.

### Forgotten Ideals

THJODVILJINN is sorely ranked about how many of their fellow warriors saw reason to accept the invitation of the United States ambassador to the Arbaejarsafn last 4 July to celebrate America's independence Day. A large number of guests came to the ambassador's party, in spite of bad weather, and enjoyed themselves. The greatest concern was created by the eager participation of certain well-known military base opponents in the Independence Day celebrations at Arbaejarsafn. They are doing this at the same time that their movement has been given a beating and is sunk to what seems to them to be its lowest point. And it is understandable that THJODVILJINN would have serious thoughts about this, thoughts made worse by the drubbing that the People's Alliance received in Olafur Hardarsson's public opinion poll on Icelandic views of NATO. It emerged clearly from the poll that all the disturbance, distortion and suspicion that the People's Alliance has tried to create among the voters concerning Iceland's membership in NATO has been without success. The leadership of the People's Alliance has never been successful in convincing a fourth of its following. And now it appears that there is really nothing behind it all. The military base opponents, who in years past have considered it their duty to march singing, once a year, between Reykjavik and Keflavik, have chosen rather to attend the party of the United States on American Independence Day. THJODVILJINN shudders at these events since they are little by little isolating themselves in defense and security matters, the nightmare of one perishing. THJODVILJINN published its thoughts on the subject yesterday and said, among other things: "It cannot be denied that Ambassador Brements was successful in gaining the publicity for himself and his people that he had hoped; and events turned out just as this promoter of good will wished."

"Brements is far smarter than his predecessor. He knows, like his predecessor, that he need not waste a lot of love on those that stand to the Right of things, they will eat out of the American hand whenever he wants them to. On the other hand, he knows that it is much harder to appease those fighting on the Left and intellectuals have been at the forefront of the party in particular when there is opposition to the U.S. cultural invasion also in Iceland."

## Party Fears Early Elections

Reykjavik MORGUNBLADID in Icelandic 19 Jul 84 p 7

[Commentary by 'Staksteinar:' "A State of Fear"]

[Text] Discussed in Staksteinar today is the state of fear in the Social Democratic Party and the way that the social democrats have treated their chairmen, now and in the past. The question is which of the methods that have been used by the social democrats when they needed to get rid of a chairman in the past will be of use to them against Kjartan Johannsson. This is also witnessed by the editorial of NT from yesterday which discussed the efforts of the People's Alliance leadership to increase its ranks. These efforts, however, have only had the success that a minority of zealots has entrenched itself in the party.

### Alarm in the Social Democratic Party

"Has the government come to the end of its road? Will there be elections this autumn or winter? Or will the government continue until next spring?" This was the question that ALTHUDUBLADID asked itself the day before yesterday and it cannot be denied that there is alarm in the Social Democratic Party concerning the fact that the elections could possibly take place earlier than previously expected by them. The reason that the thought of elections rests so heavy on the Social Democratic Party is simple. It is likely that the position of the Social Democratic Party has not been so bad as it is now in nearly 30 years, or since the year 1956 when the Social Democratic Party dared not participate as itself, unsupported in the elections. In the elections that took place after 1953, it seemed that nothing would prevent the social democrats from ceasing to be represented in the Althing and for that reason the Social Democratic Party formed the so-called Alliance of Fear with the Progressive Party in the Althing elections of 1956. The two parties offered candidates cooperatively in all election districts and this resulted in the Social Democratic Party electing its representatives to the Althing. As a result the party took part in the leftist government of Hermann Jonasson from December 1958.

The Social Democratic Party is now in a like state that it was in during 1953-1956. The future of the party is uncertain. The present chairman of the Social Democratic Party gained his position through a method that people have not considered to be proper, at least not in Icelandic politics. And his performance in that post has been as expected. The Social Democratic Party may not be thinking about this when they regard elections now as bad news.

On the other hand, people are very busy in the Social Democratic Party thinking up and discussing ways of getting Johannsson out of his seat as chairman. By and large, social democrats have been pitiless with their chairmen.



Stefan Johan Stefansson was ousted. Hannibal Valdimarsson was ousted. Emil Jonsson resigned. Gulfi T. Gislason had no choice but to resign. Benedikt Grondal was driven out of the chairman's seat. What method are they going to use with Johannsson?

### Making Political Hay

In recent years the ice underneath the People's Alliance Party has gotten him. As often happens when such is the case, there is grasping at straws. An NT editorial contains the proposals of the People's Alliance Leadership to achieve something worthy of mention in the future. The NT editorial says, among other things:

"Instead of waiting on the socialists, who have had their doom decreed in Poland and the Soviet Union, Einar Karl Haraldsson and Svavar Gestsson have been sent to make political hay by finding new policies and new proposals so that THJODVILJINN can wave the flag about something while the need is to bury the socialists like unclean children of Eve.

"Einar Karl Haraldsson reported on this newfangled wild goose chase in last Saturday's issue of THJODVILJINN and this is what, among other things, was said there:

"THJODVILJINN has the ambition to be the vehicle for national renewal, for new ideas and new policies, not only in politics but also in terms of social issues, education and economics. The paper will do its best to bring political and educational ideas from abroad into Icelandic life and likewise leftist discussion."

"The paper takes a rather different tone here than is the case with Einar Olgeirsson and Magnus Kjartansson. They do not need to waste time by going on a kind of political haymaking trip to look for new ideas and new policies because their old ideas and policies have become obsolete and to no avail. They are sure of what they are doing.

"But it is not just Einar Karl Haraldsson alone who has been sent on a political haymaking trip. The chief pundit himself, Svavar Gestsson, together with Olafur Ragnar Grimsson, had the recent People's Alliance Party convention change the rules so that small groups and cliques with special interests could work within it. This was done to increase the following of the party, a following that has declined noticeably in recent years. Up until now the only success of this People's Alliance move has been that Fylking sought protection there to carry on its socialist propaganda within the party.

"Svavar Gestsson considers this to be little success in terms of what he wanted to accomplish. For this reason he recently made the statement in HELGARPOSTAR that the leadership of the People's Alliance Party are ready for cooperation with new policies and willing to 'invest much in this, even something coming from the party itself.'

"As of yet none have taken up the invitation except for the socialist group of Petur Tyrfinngsson. That is all the hay that Einar Karl Haraldsson and Svavar Gestsson have brought home from their haymaking so far."



## FOREIGN MINISTER MAY INTERVENE TO HALT ARMS AID FOR AFGHANS

Oslo AFTENPOSTEN in Norwegian 2 Aug 84 p 7

[Article by Anne Synnevåg: "Doubts Regarding Red Youth Collection"]

[Text] The Foreign Ministry will most probably take the initiative to have the collection of money stopped, which the Red Youth launched yesterday in order to procure weapons for the resistance movement in Afghanistan, according to Acting Press Spokesman Tor Bull-Njaa of UD [the Foreign Ministry]. "We believe it will be at variance with international legal obligations if public permission is given for such a collection," Bull-Njaa said to NRK [Norwegian Broadcasting Service]/Dagsnytt [Latest News].

The collection action was announced at a press conference arranged by AKP-ML's [the Workers' Communist Party (Marxist-Leninist)] youth organization in Oslo on Wednesday. The Red Youth has set itself the goal of collecting 75,000 kroner for weapons before the First of July of next year.

"UD's initiative seems somewhat rash," Red Youth Central Committee Member Klaus Jervell tells AFTENPOSTEN. "We are taking the press spokesman's statement calmly and are letting the collection take its course. We collected over 1000 kroner in downtime Oslo already yesterday and figure on bringing in 10,000 kroner at the Red Youth's summer camp. This means that we are not taking Bull-Njaa's statement seriously. But we are quite certain that we are safe."

Jervell says that money was collected for weapons for Afghanistan earlier through an action in the KLASSEKAMPEN newspaper without its provoking any reaction then: "Besides, /we/ [in italics] will not buy the weapons. We will hand over the money to the guerillas while at the same time we stress that it is not restricted to humanitarian aid," Jervell says.

The Foreign Ministry's legal department is now to look closer at the case and it can be imagined that there will be a reaction to the collection action even though formal political permission to make the collection in order to procure money for the purchase of weapons is not being sought. It can be imagined that the collection will be in conflict with Norway's obligations to not tacitly accept the fact that money is being collected with the purpose of procuring weapons for forces at war. The Foreign Ministry's lawyers looked at

the case after the Red Youth during launching of the collection action said straight out that the money would go for buying weapons.

At the press conference Red Youth Chairman Per Overrein called the collection a pioneer project. "The Afgahn resistance fighters need weapons. Of course, 75,000 kroner cannot decide the war in Afghanistan, but we hope that more political youth organizations will follow up our initiative." At the same time he dissociated himself from what he calls the "pacifism and compliance" in the West European peace movement. "Real peace work cannot be just demands for arms reduction talks, but must also mean concrete support for people who are fighting for national independence," Overrein believed.

Besides, Annie Amundsen, who just came home after a 12-day trip to Paktia Province in Afghanistan, could confirm the reports of recent times that the Soviet Russians are now intensifying the war against the civilian population in the country. "The Soviet Union has stepped up the war in Afghanistan. The bombing attacks have increased, and it has become more difficult to get into the country from Pakistan," Annie Amundsen said. She also reported that the Russians have now cut off the lines of communication to the Mujahedin guerillas in Paktia Province in the area of the Pakistan border southeast of the capital of Kabul.

"We met a poor and starved people. The village population has to flee the cultivated plains and seek refuge farther up in the valley and in the mountains. Right after we had been smuggled into the country across the border from Pakistan we were exposed to a bomb attack. The bomb shelters were full. People dig holes in the mountain and under rocks in order to protect themselves from attacks. We also visited a clinic. Two hundred patients flock here daily. They came on foot over long distances in order to get medical help. Both medicines and health service personnel are in short supply in Afghanistan, and according to the doctors at the clinic vitamin and iron deficiency is a special problem which is especially hitting women and children."

In addition, Annie Amundsen could confirm that Norwegian aid to Afghanistan has reached its goal: "We saw a lot of Norwegian medicine at the clinic," she related.

It is the most well known of the Afghan guerilla leaders, Ahmad Shah Massoud in the Panjshir Valley, who according to the plan is to get the money which is collected.

8985

CSO: 3639/144

## LABOR PARTY STORTING CONTINGENT TO UNDERGO GENERATION SHIFT

Oslo AFTENPOSTEN in Norwegian 11 Aug 84 p 2

[Editorial: "Before the Nominations"]

[Text] It is normal for Storting to be renewed by about a third of its representatives every 4 years. There are many indications that the shifts in next year's election will be unusually large and that the Labor Party will carry out something like a generation shift.

At this time most of the representatives who have not decided already will be indicating whether or not they want to run again. For the Labor Party an era came to the end back in 1981 when Trygve Bratteli said goodbye to Storting. In next year's election he will be followed by Odvar Nordli, Guttorm Hansen and Finn Kristensen. Aside from Reiulf Steen, this will leave the Harlem Brundtland generation standing alone. A possible exception would be if Knut Frydenlund gives a positive response to the Oslo Labor Party within the next few days--and if he then wins.

All those mentioned have a long political life behind them and no one would blame most of them if they retired. They will be quick to insist in Youngstorvet that a great many saplings have been shooting up for some time. Less officially it is evident that some of this new growth is more of a sorrow than a joy to the party. Many people also think that the generation shift went too quickly and that more continuity and firmer roots in the party's traditional voter groups would have been in order. The upcoming Labor Party nomination process will be closely observed, especially in Oslo, where the process is usually a very difficult one.

The Conservative county groups are also collecting answers at this time. Prime Minister Kare Willoch and the party's departing chairman, Jo Benkow, will head the Conservative ballot lists in Oslo and Akershus. It is also anticipated that most of the current Storting representatives of the biggest government party will answer yes within a short time and that there will be fewer Conservative changes than in most of the other parties. One of the politicians who has meant most for the party for an entire generation, Foreign Minister Sverre Strøm, declined to seek re-election. The same was true of Storting President Per Hysing-Dahl after four terms.

However the Conservative Party has balanced the need for continuity against the need for change and in the last two Storting elections increased its ranks so explosively that it is only natural that so many want to renew their contracts. The Conservative Party in Oslo has somewhat the same harsh climate as the Labor Party in Oslo. Four government members are on the Oslo list. Therefore there could be a stiff fight for more than just the "sure" places and not everyone can feel secure.

The Christian People's Party group will face virtual decimation with the loss of as many as 10 of the group's 15 members. That is rough for a party that relies on well-known faces and experienced a considerable setback in the 1981 election. The same thing is true to a lesser extent in the Center Party where at least four of the ten current representatives will resign and where they are struggling with latent political problems in Hedmark. The Progressive Party will demonstrate an "American style" nomination process, which after a brief flurry of interest in the news will not take root either in this country or in the party.

There will be some interest in this context in whether access to ballot list alliances will be made legal, how extensive such alliances would then be and whether this will have an influence on the juxtaposition of names in individual parties. But the greatest interest will be in the Labor Party where in addition to the party's well-known problems, the nominations will be ready long before the candidates have seen a hint of a party program.

6578

CSO: 3639/150

## PAPER COMMENTS ON LIBERAL PARTY DECLINE, WOOING OF SDP

Stockholm SVENSKA DAGBLADET in Swedish 31 Jul 84 p 2

[Editorial: "The Liberal Party Crisis"]

[Text] In a TT [Tidningarnas Telegrambyrå] interview the former Liberal leader, now Ambassador Ola Ullsten pleaded for a government coalition between the Social Democrats and one or two non-socialist parties (such as, it is to be assumed, the Liberal Party). With that, Ullsten has again referred to the type of political thinking, for which he was responsible and which led the Liberal Party toward the brink of ruin.

When Ullsten pleads for cooperation across the bloc border he forgets that there is constant cooperation between the parties on issues where they can find common denominators. Fixed government cooperation, on the other hand, presumes that agreement can be reached concerning the entire government policy. But it is not that easy to combine socialism and antisocialism or, in order to select concrete examples, yes and no to wage earner funds, health care monopolies, establishment control, tax increases etc.

Ullsten thus obscures the factual issues. He is one of those politicians for whom the game itself constitutes the essential meaning of politics.

This is the view of politics which is contained in the idea of "middle party." The parties move as in a geometric game, in which their position is determined by the positions of other parties. Since Social Democracy has long been dominant in Swedish politics, it will, in accordance with this political method, in fact be the Social Democrats who determine the politics of the "middle parties."

Tactical maneuvering in an effort to obtain cooperation with the Social Democrats characterized the Liberal Party under Gunnar Helen and Ola Ullsten. The lack of firm ideological attitudes had the result that voter and public opinion figures came tumbling down. The Liberal Party ran the risk of becoming extinct as a parliamentary party.

Faced with this prospect, the so-called accident investigation committee was appointed in 1982. It advocated an ideological profile in a market-liberal and anticollectivistic direction. The new path was later marked by the fact that Bengt Westerberg replaced Ullsten as party leader.



But nearly all of those who not only accepted but also supported the indecisive maneuvering remain in the Liberal Party. They are found in the party executive committee, they are found in the active cadres, they are found on the editorial boards and in several of the newspapers close to the Liberal Party.

Bengt Westerberg has been taken to task in some of these newspapers for being too market-liberal and too oriented toward economy measures in public spending. In practice, what he is criticized for is that he does not come close enough to the Social Democrats.

The ideological shakeup of the Liberal Party has obviously been followed by a recoil to the left and a relapse into the mindset of geometrical tactics.

This is observed chiefly in the party leader himself. In Westerberg the fresh complexion of market-liberal decisiveness has been replaced by the sick pallor of tactical adaptation. It seems as if in his speeches he no longer dares mention that the public sector cannot live beyond its means, and that the individual people themselves must be allowed to spend more of their income. Nevertheless, he is still criticized in his own press for believing too much in the market economy and for taking a position too far from the Social Democrats.

The report of the accident investigation committee was adopted by the national meeting of the Liberal Party in January 1983. But whoever listened to the discussions at the national meeting could not possibly get the impression that it was a matter of genuine self-examination and inner conversion. Rather, it seemed like changing into a more appropriate suit for the moment.

Pehr G. Gyllenhammar was obviously fully aware of this when he said the well-known words at this national meeting: "The crisis of the Liberal Party has not been resolved. It has only begun."

From all appearances, these words retain their validity even today.

11949  
CSO 3650/264



## SDP, CONSERVATIVES BATTLE OVER IDEOLOGY IN NEWSPAPER DEBATE

Oslo AFTENPOSTEN in Norwegian 10 Aug 84 p 8

[Article by Morten Fyhn]

[Text] Stockholm, 9 Aug--Toward the end of the political summer recess and as a suitable preliminary to the Social Democratic national congress, an aggressive debate on democracy and freedom has broken out in Sweden. There has been an outpouring of abusive language and a mood has been created that warns of a heated political autumn.

As was the case in past bitter clashes on defense and foreign policy, the dispute this time is also between the Conservatives and the ruling Social Democrats. For a long time the Conservative Party has been forcefully attacking the Social Democrats' eagerness to regulate things and the party has evidently decided to make freedom and democracy its most important slogans in the year that remains before the next parliamentary election.

But the Social Democrats have also become involved in the debate on freedom and have gone in for deregulation, a more flexible bureaucracy and a vitalization of the Swedish democratic system. But in contrast to the Conservatives, the Social Democrats have actively defended the maintenance of a big and strong public sector.

But the present debate picked up speed after a speech by former Conservative leader Gosta Bohman a while ago. The outspoken and still scrappy 73-year-old was blunt, as usual. He accused the Social Democrats of misusing the words "freedom" and "democracy."

According to Bohman the democratization process has gone too far in Sweden so that it is actually weakening democracy. For each democratizing step that is taken, a portion of individual freedom disappears. It is replaced by political majority decisions. Restrictions of freedom can then be called democratic. They have been legitimized, he charged.

The Social Democrats also misuse the concept of freedom, thundered Bohman, who was ironic about Deputy Prime Minister Ingvar Carlson's words about freedom from insecurity and unemployment. "Prisoners and people confined

in concentration camps are also secure from hunger, need and unemployment," said Bohman. That kind of security is also found in the planned economies of eastern countries, he added.

Bohman's speech caused quite a stir and was quickly attacked by both Prime Minister Olof Palme and the deputy prime minister. They made a strong counterattack and expressed doubt about the democratic disposition of Bohman and other Conservative politicians.

Ingvar Carlson has characterized Bohman as cynical and limited. "An unemployed person is not free. An Indian starving in the gutters of Calcutta has the right to vote but not much freedom," said Carlson who raged at what he called the Conservative Party's ruthless campaign against the Social Democrats. "For us the debate on freedom involves both political democracy and social and economic conditions in society," said an indignant deputy prime minister. With phrases such as "the new aggressive Conservatives" and "contemptuous statements about democracy," Carlson suggested a clear connection between the yearning of despondent jobless people for simple solutions and their dream of a strong leader on the one hand and the activities of western Conservative parties on the other.

Olof Palme did not mince words on one recent occasion. He said that democracy was introduced into Sweden in spite of stiff opposition from the Conservatives. But the struggle against democracy is still going on. A former Conservative leader said recently that it is wrong to let the majority decide, said Palme, referring to Gosta Bohman.

When the Conservatives were in power they carried out a shameless and undemocratic persecution of people who held different ideas. It might be useful for present-day Conservatives to recall their hostility to freedom in the past, Palme added.

Not unexpectedly the sharp tone between Conservatives and Social Democrats in this ideological debate has created concern on the part of the more sober-minded middle parties. Both the Liberals and the Center Party have appealed in vain for restraint in the language used in the debate.

The two main rivals in Swedish politics are apparently farther apart today than they have been in many years while at the same time they are almost entirely dominating the political debate. The middle-spectrum parties have faded into the background. Their words and political moves are quickly lost in the noise coming from the two major parties.

6578

CSO: 3639/150

## ILICAK ON LACK OF ANAP ALTERNATIVE; CRITERIA FOR PARTY SUCCESS

Istanbul TERCUMAN in Turkish 7 Aug 84 pp 1,10

[Text] Can the fact that the Motherland Party won the elections in Agri be interpreted as an indication of public opinion? To our way of thinking it is wrong to generalize the results of a local election, particularly in the case of one of our towns where inclinations are closely related to the identity of the Agri people. But there is also another factor: out of the 33 elections cancelled up to now for a variety of reasons, 23 of them were held again and the Motherland Party won 14 out of those 23. In the 25 March local elections, in 6 out of those 14 [elections] the Right Way Party won while the MDP [Nationalist Democratic Party] won in another 2. However, this picture need not be viewed as a clear sliding of votes in the direction of the Motherland Party. Because favoring the party in power in the expectation of positions is a widespread tendency which lies at the foundation of local elections.

But in spite of all this, all those developments show that the Motherland Party has not lost as much ground as it was thought. Citizens have not lost hope yet. The inability to find a logical and acceptable alternative and the lack of a credible leader who might at least stand as the symbol of such an alternative are factors that favor the Motherland Party.

## Inflation

Nowadays almost no social category is satisfied with the situation. But hopes about "tomorrow" are still alive. The relative drop in the inflation indicators during the summer months gave rise to a certain amount of optimism in some circles and created the conviction that inflation might be curbed in the fall. As a matter of fact the figures which were published established that we are living through the most expensive summer in 5 years. For example the Istanbul Chamber of Commerce cost of living index is based on the month of July of previous years. In July of 1980 the Istanbul cost of living rate of increase which was 1.3% went to 1.7% in 1981, 0.7% in 1982, 0.6% in 1983 to become 2.7% in 1984. While a 2.7% rate for July appeared to be a positive development in comparison to the 4.8% rate of the previous month, when we go back and examine the price variations which occurred in past summer months it becomes evident that we are living through the highest price increases of the past 5 years.

The Price of Goods Index published by the Treasury and the Foreign Trade Under Secretariat (excluding June) leads to the same conclusion. While the credibility

of the 0.5% rate published by the Under-Secretariat for the month of June caused a certain amount of speculation last month and it has not been possible to explain the difference from the figure of the State Statistics Institute.

#### How About A Struggle For Democracy!

The short term future of the Motherland Party is closely linked with how successfully it deals with inflation. Starting from September and October everyone will start noting the first signs.

One would wish that the Motherland Party, which has a large majority in Parliament, would initiate a struggle for democracy at the same time as the struggle for the economy. That if some positions and actions which go against democracy emerge, it would stand up to oppose them by siding with the press. Unfortunately we are unable to detect such an activity not only in the Motherland but in almost none of our deputies. This being the case, thoughts become fixed on economic balance and the government's life span gets measured willy nilly in terms of inflation rates.

12278

CSO: 3554/295

## MILITARY USE OF SPOT, FRENCH-GERMAN SPY SATELLITE

Stockholm NY TEKNIK in Swedish 28 Jun 84 p 6

[Article by Staffan Dahllof; For related article see JPRS-WER-84-086 of this series dated 16 July 84 pp 60-61]

[Text] In order to have access to a high-resolution spy satellite, independent of the United States, France and West Germany have decided to construct one of their own. It is based on the Spot--a remote sensing satellite in which Sweden has a major interest.

Spot will be launched from Kourou in French Guyana sometime next year. Pictures from the satellite will be received by Satellitbild AB, among others. Satellitbild can process the pictures so that the client will receive the information he wants.

Satellitbild AB will operate on a normal commercial basis. Whoever pays for a picture will get it.

The same conditions will hold for Satellitbild's sister company in Toulouse, France.

Even back in the calculation stage it was decided that military orders for pictures would be of great importance.

As a civilian observation satellite, . will provide information for drawing maps, for studies on changes in the growth of vegetation, and for mineral prospecting.

At the same time, Spot's commercial base also means that the satellite can meet certain military needs.

Rymdbolaget pointed out in a 1981 report that the Swedish military could use Spot's satellite photos for various terrain studies.

Since anyone can purchase data from Spot, as they can from the American Landsat, there will be no clear line between its civilian and military use.

## From Entire World

"We will receive data from all over the world. Just as the military uses civilian maps, they will be able to use our satellite photos," said Gunnar Larsson of Satellitbild AB in Kiruna.

Stefan Zenker of Rymdbolaget, the parent company of Satellitbild, said:

"The only difference between military and civilian remote sensing is the purpose for which it is done. The talks between the French and the Germans seem to indicate that they have some demands that cannot be met by Spot, such as the need for greater resolution."

Satellite photos from Spot will have a resolution of 20 meters in color and 10 meters in black-and-white.

That is a higher resolution than that of Landsat, but it is lower than the resolution of a pure spy satellite.

Now a European spy satellite is on the way. France and West Germany have agreed to produce a successor to Spot for purely military purposes. It will have a higher resolution than Spot, but for natural reasons they will not reveal how high the resolution will be. From a technical standpoint, it will be based on experience gained with Spot.

## Soccer Ball

It has been reported that a spy satellite can perceive objects the size of a golf ball.

"I would say that a soccer ball would be closer to the truth," said Gunnar Larsson of Satellitbild.

The European spy satellite is to be complete in the early 1990's. Until then, Spot will serve many of the same purposes as the spy satellite.

9336

CSO: 3650/259



## ANTI-NUCLEAR ARMS SENTIMENT, NATO BASE ENTER FAEROE ELECTIONS

Copenhagen INFORMATION in Danish 2 Aug 84 p 1

[Article by Jens Holme: "Faeroes Parliament Speaker Is Embarrassed; Ashamed to Have to Tell the Danish Authorities That the Faeroes Have Declared Themselves a Nuclear-Weapons-Free Zone"]

[Text] Purportedly because he is embarrassed, the speaker of the Faeroe parliament, Pauli Ellefsen, for a half year has avoided informing the Danish government about a resolution in the Lagting [Parliament] which declares the Faeroes to be a nuclear-weapons-free zone.

Pauli Ellefsen's non-socialist and Danish-oriented Union Party [a moderate, liberal, pro-Denmark party]--the Faeroes' largest party--was opposed to the resolution which was passed by a comfortable majority in the Lagting way back in February.

The resolution was a followup of a Lagting resolution of 1970 which maintains that the Faeroes are to be kept outside of international conflicts and will not permit the deployment and stockpiling of military materiel.

#### Can Only Recommend

However, the Lagting does not have the authority to legislate in areas which concern foreign and security policy. It can only recommend to the Danish government to respect the Lagting's resolutions.

Erlendur Patursson of the republican secession party, the Republic Party [an extreme, populist, socialist secession party] tells INFORMATION that Pauli Ellefsen the other day was summoned to a meeting regarding the matter by the Lagting's Marketing Committee--which functions, largely speaking, according to the same guidelines as the Folketing's Foreign Policy Board.

"The Lagting speaker reported that he was ashamed to have to forward the resolution to the Danish authorities. But he promised that this would now take place," Erlendur Patursson says.

Ellefsen has an obvious opportunity precisely these days when Foreign Minister Uffe Ellemann-Jensen is on the Faeroes. Yesterday at a meeting with the

Lagting's Marketing Committee the foreign minister was pressed hard with regard to the military installations on the Faeroes.

Several Faeroese politicians are highly infuriated over the reports which have surfaced that the USA has since the beginning of the 1960's had a secret military listening post in connection with NATO's radar warning station at Sornfelli outside Torshavn.

The NATO installation itself is also in strong dispute. For the time being it is undergoing modernization, but the parties to the left of the political center are demanding that it be removed completely. They believe that NATO's presence goes against the Faeroes' neutral policy and they referred beforehand to the Lagting's resolutions.

Under any circumstances, the NATO base and the Faeroes' security policy situation will be a hot subject in the election campaign prior to the Lagting election in the beginning of November.

8985

CSO: 3613/207

## A FRENCH PLAN FOR VERY HIGH SPEED MILITARY CIRCUITS

Paris ELECTRONIQUE INDUSTRIELLE in French 1 Jun 84 p 111

[Text] The French Ministry of Defense has just instituted a technical program called "VHS IC" (very high speed integrated circuits) for military uses.

This program, which extends until 1988, will reportedly make it possible to acquire production facilities, independent of foreign suppliers, for the digital computation components with the very high integration and very high speed necessary for the development of military systems at a competitive technical level.

## Means and Objectives

This plan will be financed, in the amount of 250 MF by the DGA (General Delegation for Armament) and, in an equal amount by the industries concerned.

It relies on the technologies in production and development among French manufacturers (Thomson Semiconducteurs and MHS). Its objectives are set for the short and long term.

The VHS IC project will reportedly culminate, in 1987-1988, in the development of 1.25-micrometer bipolar and CMOS integrated circuits. The working groups are already set up or in the process of being put in place. In particular, at Thomson, under the prime contracting responsibility of the SDV military division. This group, Signal Processing Working Group, is in charge of bipolar technology. One or two other groups, concerned with the CMOS, associating equipment suppliers and Thomson Semiconducteurs and/or MHS will reportedly be set up next.

The VHS IC project, officially begun last July, was presented for the first time publicly last April 18 at the time of the study session organized by the SEE and the IEEE France on integrated circuits for signal processing. It follows an investigation by the DGA that demonstrated the necessity of undertaking a special effort to: make it possible for the military systems to take advantage as quickly as possible of the developments in the technology; reduce the time for development of military materiel; better take into account technical requirements linked to military materiel (environmental conditions and autotests) and take into account the military needs in the overall market of integrated circuits of which they constitute only a small part.

The activities of the VHS IC project will therefore aim at meeting the technical needs of all the French manufacturers and providing each one with the means to create the processor suited to its use. They will comprise four main aspects. A system project will aim at defining and developing the line of operators and processors for signal processing suited to the currently foreseeable needs and the design structures that make it possible to unite them in system structures.

Four large families of operators and processors are identified today: the "skeletal" superfast operators ( $10^8$  to  $10^9$  operations per second, 20,000 to 30,000 gates, separate memories, 3 W consumption); "reconfigurable" specialized operators ( $5 \times 10^6$  to  $5 \times 10^7$  operations per second, 10,000 to 50,000 gates, single-piece, low consumption); monolithic processors for signal processing ( $10^6$  to  $10^7$  operations per second, microprogrammability, 30,000 to 60,000 gates, low consumption) and parallelable fast processors ( $10^7$  to  $10^8$  operations per second, 10 to 20 processors put in parallel, 20,000 to 30,000 gates per processor, separate memories, 3 to 5 W consumption per processor). These operators and processors will have to be able to be made from standard cells.

The third aspect will deal with the creation of a tool capable of providing the design, simulation and test of specialized circuits designed from joint functional units in minimal periods (the objective sought being 3 to 6 months, casting included). Finally, the VHS IC will lead to the production of a limited number of circuits representative of the capabilities of the technology and of the design tool.

#### Development of the Operations

The VHS IC program will comprise two phases; the first, extending until 1987, should result in the production, from existing 2-micrometer bipolar and CMOS technologies, of IC prototypes in 1985-86 and the second, until 1988, in the supplying in 1986-88 of 1.25-micrometer ICs in the technologies currently under development.

The work, already begun in the field of bipolar technology within the GTTS, is now directed toward a "fast operators and high capacity programmable processors program" for the processing of large systems (radar, sonar, electronic warfare) while maintaining the VHS IC overall approach (designs organized into a hierarchy from standard cells and macrocells). Phase 1 was started last July and should result in the first operators (FFT, systolic) and processors in mid-1985. Phase 2 should begin next year and lead to the production of circuits in mid-1986 and to the publishing of a library of cells in 1.25-micrometer bipolar technology in mid-1988. The GTTS activity is open-ended, i.e., the equipment suppliers who will need the technology validated in 1988 will be able to buy it and request design assistance from Thomson Semiconducteurs.

## KODISO, KKE (INT) AGAINST AIRCRAFT PURCHASE

Athens AKROPOLIS in Greek 20 Jul 84 p 8

[Text] Two more parties, the Democratic Socialism Party [KODISO] and KKE (Int) announced their opposition yesterday to the purchase of new, modern fighter aircraft intended for the Greek Air Force.

KODISO, which contends that the Greek public has not been provided with any facts that necessitate this purchase, cannot understand why the country must be bound economically and technologically by such a huge sum for such a long time span, and with unforeseeable political consequences. It proposes instead that the necessary quantities of weaponry systems be supplied every 2 to 3 years, and that their origins be diversified.

KODISO asks the government to provide the people with a full explanation of the issue.

In addition, KKE (Int) contends that this purchase must be evaluated in connection with the supply of weaponry systems from various sources, so as to avoid the one-sided dependence which might be created by these purchases.

The party adds that the problem has not only military and economic aspects, but important political ones. These must be calmly and responsibly discussed with all parties, with the government taking the initiative.

12542

CSO: 3521/311

## GOVERNMENT DENIES 'COMMISSIONS' IN AIRCRAFT PURCHASE

Athens ELEVTHEROTYPIA in Greek 17 Jul 84 p 4

[Article by Th. Rousopoulou: "Not One Penny Commission for Aircraft Purchase"]

[Text] "There are no commissions or benefits for third parties in the 'purchase of the century,' nor will there be any. Any payment of commission will result in the invalidation of any contract that Greece will sign with any of the four companies which will provide 100-110 fighter aircraft for the renewal of the Air Force fleet."

The above statement was made yesterday by government spokesman Dimitrios Maroudas in reference to news reports of the last few days.

Particular reference was apparently made to the front page article of ELEVTHEROS TYPOS which reported that the current independent deputy and former Deputy Minister of National Defense Georgos Petsos, stated during a press conference that there were no guarantees that no commissions would be involved in the "purchase of the century."

Yesterday's article reported that the purchase would cost about 150 billion drachmas, and that commissions would reach one and a half billion drachmas--as much as the cost of an aircraft.

In addition, Mr Petsos reported that the purchase would benefit the United States, thus implying that the aircraft we will purchase will definitely be American; and that the interest and redemption annuity we would pay would reach 500 million dollars per year, as much as the rent that the United States is paying for its bases in our country.

## Embrace

Mr Maroudas responds that, regardless of yesterday's news, we do not know what commissions were usually paid in the past. He furthermore notes that the prime minister has announced that there will be no commissions involved in the purchase of the century.

All four interested companies have long agreed on this point, and this legally binding agreement will enter as a condition in the final contract.



Mr Moroudas says that "our procedures became the subject of praise and congratulations by the companies themselves, who admit that for the first time they feel free from the embrace of the middle-men."

As concerns the actions of the special committee responsible for the provision of the new fighter aircraft, they are being directly supervised by the political leadership of the Ministry of National Defense.

In another part of his statement, Mr Maroudas, after characterizing the procedures involved in the aircraft purchase as straightforward and objective, once again says that the domestic industry will benefit from this particular defense purchase.

In addition, this will be done through offsetting benefits offered by the interested four companies, which in some cases exceed the purchase cost by 100 percent.

Such counterbalanced benefits, which the companies are required to provide, include investments in the war industry, the transfer of technology, the encouragement of exports, investments in agriculture, etc.

"Within the next 3 months we will have reached a definite contract for the purchase," declared Mr Maroudas in yesterday's general report concerning the purchase of the century, thereby establishing one more new deadline for the purchase.

This overturns the last deadline, which the prime minister set in his talk in Larisa--that the decision on the aircraft model would be made in July at a common meeting of the Government Council and the Government Council for National Defense.

12542  
CSO: 3521/311

## TURKISH VIOLATIONS OF FIR DENOUNCED

Athens ELEVTHERTYPIA in Greek 21 Jul 84 p 20

[Article by Spyros Karatzaferis "Ten-Year Anniversary of Invasion"]

[Text] An aerial confrontation between Greeks and Turks took place last Thursday morning when the Turks attempted a sham attack on the Greek islands and Cyprus with 49 fighter aircraft. The Turkish aircraft repeatedly violated Greek and Cypriot airspace. The Greek Pentagon believes that the air attack on the islands and Cyprus was a provocative message from Ankara to Athens on the anniversary of the Turkish invasion. In other words Ten years later we can hit both targets simultaneously.

The Air Force was expecting such a provocation and its readiness took the Turks by surprise. The Turkish planes were held off by the Greek aircraft. In at least two cases, Turkish pilots insulted the Greeks, who were holding them off. The Greeks threatened to respond with "lawful means"--in other words, to hit the enemy planes.

The sudden air "attack" by the Turks took place Thursday morning in the framework of an air exercise in the Aegean. Twenty-nine "Phantoms" sped in formations into Aegean airspace, mainly north of Samos and Mytilini.

The Turkish planes violated the "FIR" of Athens 13 times, and twice violated Greek airspace and came within 6 miles of the Greek islands. But there they were held off by the Greek fighters that took off immediately from Limnos and Tanagra. "F5"'s armed with air-to-air missiles took off from Limnos and reached the Turks at a speed of 1600 kilometers per hour. "Mirages" armed with air-to-air missiles and machine guns flew from Tanagra, breaking the sound barrier twice (at a speed of 2500 kilometers per hour). They came within 12 meters of the Turks and waved their wings in the international warning signal to go away. The Turkish pilots made obscene gestures and insulted the Greeks over the radio. The Greeks coolly informed them that if they did not go away immediately they would put into effect, without any other warning, "lawful means" (of downing the enemy aircraft).

"Flag-Waving"

At the same time, about 20 Turkish planes were violating Cypriot airspace.

Military sources described the Turkish "attack" as a "show of force" ("flag-waving") which nevertheless failed because of the readiness of the Greek Air Force.

The Greek pilots were ordered to be ready when Greek radar caught the Turkish planes taking off in the direction of the Greek islands.

The Greek pilots, who were inside the planes, took off within 2 minutes and intercepted the Turks within 3 minutes.

The airspace violations by the Turks 2 days ago are the first after 40 days of peace (the latest being violations by two aircraft that flew near Khios at the beginning of June) and yesterday the Deputy Minister of Foreign Affairs, Mr G Kapsis, called in Mr Akiman, the Turkish ambassador in Athens, and protested strongly.

Alternate Minister of National Defense Mr A Drosogiannis, announced that all Greek airforce bases are on alert--some on 5-minute and some on 2-minute warnings. At the same time, the minister said that patrols in the Aegean by Greek fighter aircraft are continuing.

The Greek government protested strongly to Ankara for the violations of national airspace and the violations of the Greek FIR by a total of 13 formations of Turkish aircraft, as was reported on Thursday.

The protest was made by the Deputy Minister of Foreign Affairs, Mr Giannis Kapsis, who called in the Turkish ambassador, Mr Akiman, yesterday noon and gave him detailed reports of the transgressions and violations.

The Turkish ambassador declared that he will accurately convey the Greek protest to his government.

Mr Kapsis noted to Mr Akiman that "acts of this kind not only do not contribute to the preservation of a mild climate but can worsen relations between the countries."

According to newspaper reports, Mr Akiman did not acknowledge that violations occurred, but in any case agreed that such events do not promote ameliorating relations between the countries. The same sources described the climate of the Kapsis-Akiman meeting as "good."

#### Swedish Aircraft Very Expensive

Alternate Minister of National Defense, Mr A Drosogiannis described the "Saab" and "Viking" models of the Swedish fighter aircraft as very maneuverable but very expensive. KKE Secretary General Mr Ch Florakis had proposed these models as an alternative solution to the "purchase of the century."

"The smaller the production scale of these planes," Mr Drosogiannis said, "the greater the cost of their production and therefore their selling price." He thus described their purchase as unprofitable.

## STORTING GIVING PRIORITY TO MODERNIZING, ADDING COASTAL FORTS

Oslo AFTENPOSTEN in Norwegian 8 Aug 84 p 5

[Article by Liv Hegna]

[Text] Nes Fort is located in Lodingen. The coastal artillery fortification is equipped with all the modern technological aids that can detect hostile invasions. Along with electronic aids there are shorefront cannon batteries, torpedo batteries and mine fields that can be controlled from shore. In war-time, independent mine fields would also be laid. These forts are unique in NATO. Storting has decided to add new ones and modernize some old forts. Naval forces had hoped for an even stronger emphasis on their branch.

The chief of the Narvik Naval Defense District, Commodore Magne Solvberg, conducted AFTENPOSTEN on a tour of Nes Fort. Storting has put a priority on the construction of two new 120-mm coastal artillery forts in North Norway. The government has already given the Defense Ministry permission to begin expropriation proceedings at Meloyvaer in the Harstad Naval District for the construction of a new fort. Solberg's own area and Trondelag also have a high priority. This is apparent from the long-range defense plan for the period 1984-88. However it is obvious that this is a strong reduction compared to the recommendations made by the 1974 Defense Commission.

"It is my opinion that the coastal artillery forts are capable of stopping an assault and perhaps inflicting such great losses that the enemy would be forced to choose landing areas that are less of a threat to our own defense than Vestfjord and Ofotfjord. At any rate it would take a lot of time to subdue the forts in these districts. This time would be useful with regard to the mobilization and organization of our other defenses," Commodore Solvberg pointed out.

How long a warning period does the district chief expect his forts to have? It takes about 50 hours to sail from Murmansk but the recent pattern of Soviet maneuvers in the North Sea indicates that there could easily be a surprise attack. "It is clear that it will be important to be able to read the signals correctly if something is in the wind. One must look at this warning period in the context of the standing readiness of the forts," said Solvberg.

In the signal tower we found signal corpsman Jorn Nostdahl from Sandnessjoen. He is in contact with the pilot stations in the area and is familiar with the vessels on their way into the sound in the Narvik area. "This is what they call a prohibited area and foreign ships must carry a local pilot," he said. With his flashing lantern he is able to call up any ship. Radar, laser and infrared equipment enables him to see everything at any hour of the day or night. At the Lodingen pilot station alone, 6,000 pilot operations a year are conducted. A very large percentage of them are East European vessels. A quick glance at Nostdahl's records revealed that.

The cannons at Nes Fort are scheduled to be modernized. That is in the plans. The district is also equipped with other cannon forts and torpedo forts. More torpedo tubes and a good supply of reserve ammunition constitute a strong deterrent.

"What we are doing is not really that secret," said Solvberg. "The coastal artillery fort here at Nes has existed since the beginning of this century. The Germans planned big expansion projects. Most people know we are here. But revealing the number of torpedoes we have at our disposal, for example, would provide a potential opponent with detailed information at an inappropriate time," he said.

The coastal artillery fortifications that are concentrated in areas in North Norway, Oslo Fjord and Vestlandet, are unique in the NATO context. Actually we are the only country in the alliance to stress this type of defense. An estimated 50 installations along our more than 20,000-kilometer-long coast have been blasted into bedrock and placed in the areas best suited for a naval invasion.

In high-priority forts, there is peak preparedness around the clock. The personnel goes through daily drills. Gun commander, Second Lieutenant Tom-Inge Knustad of Nes Fort summed up his situation:

"Alarm! Shells. Load. Aim. Fire!"

The 13 men under his command carry out the orders without delay.

The crews load the cannons by hand with the 45-kg projectiles.

Commodore Magne Solvberg said: "These old German 150-mm guns have a firing speed of a handful per minute. The new Bofors guns we are getting will be loaded automatically and the capacity will multiply many times over. The metal in the new guns will tolerate this stress, which the old ones would not have done." Commodore Solvberg has no doubts: "It would be impossible for an invader to come into Narvik and thus split off this part of the country. The combination of combat weapons available to us will see to that," he told AFTENPOSTEN.

6578

CSO: 3639/150



## LAND FORCES COMMANDER IN NORTH CRITIQUES LONG-RANGE DEFENSE PLAN

Oslo AFTENPOSTEN in Norwegian 8 Aug 84 p 2

[Op Ed Article by Major General Martin Vadset, commander of the land combat forces in North Norway]

[Text] The discussion of the long-range defense plan in Storting is very important. It represents an updated signal to the world around us of how we esteem our country and what we are willing to pay to prevent a war and if necessary what we are willing to contribute in the event of a war.

The long-range plan forms the basis for and determines how our defense system will be developed and operated in the near future.

The tasks of the armed forces are clearly formulated in the long-range plan. Let us look at the task that would be the most important in this case, namely "the ability to offer effective resistance to any type of attack."

The defense system must be able to carry out this task; first then will it be possible to help achieve a fundamental goal for Norwegian security policy: "to prevent war in our region."

If our defense system is to be able to fight in a war, defense forces must be organized, equipped and trained for this task. In this context a professional military analysis of the threat and other things is a necessity. Such an evaluation of what we might confront in a war and what should be done to be capable of deploying Norwegian divisions in a war has been made and is included in the long-range plan.

Against this background a broad discussion of how we can correct weaknesses and shortcomings in our defense system within a reasonable period of time would be in order in Storting. In its recommendation to Storting the Defense Committee took another approach, "getting the best possible defense for the resources that are made available." The committee refers to the now well-known imbalance between operation and investment in recent budgets. The committee then locks in the economic framework for defense by referring to the economic situation. In itself this is an assumption that I think



many people would have trouble finding the logic in with our sea of oil and our debtfree national status. An annual growth of 3.5 percent in the budget was approved. The percentage was not more closely defined with respect to what this means for our defense capability in the next few years in light of the professional military assessment in the report on the long-range plan.

It is said that we have a good defense. It seems more accurate to say that our defense is not bad in some areas--it is too strong to say that it is good. The main reason for this is that it will take too many years before important and necessary materiel is in place.

The report on the long-range plan discusses (more in frustration over the restricted funds) possible measures to reduce operating expenses--rationalization, increasing efficiency, etc. It has gradually become increasingly clear that little can be obtained in this way. The question may be whether this demonstrates once more the validity of the saying that what you gain on the swings you lose on the carousels. In addition, administrative and political considerations effectively block savings and adaptations of organization in an economic way or make them difficult to implement. District policy conditions and the need to preserve jobs--both honorable and proper goals--indicate that it is easier to mandate than to achieve savings in this sector of the operating budget. What can be done? Storting has not drawn the conclusion that the operating budget is just about locked up--also by the political authorities. The problem is being tossed back to the defense system. Staffs will be evaluated, the number of brigades in the army will be scrutinized, etc.

The defense system has carried out an effective analysis of its organization over many years. Training has been developed and systematized and pedagogically arranged--in some areas in almost exemplary fashion even seen with civilian eyes. Of course even this can be improved and the defense system takes this task seriously, but it is not in this area that money can be saved. I will not comment now on the number of brigades, but I would think that a proposal to close the Vestland Brigade, for example, would be something like a time bomb for the politicians who consider the possibility. When the defense operating budget is attacked one must make a proper study of separate spending items. The limitations that would be imposed if personnel cuts are made have already been pointed out. The number of workers must also be evaluated on the basis of the human resources values that must be safeguarded, resources that could be used in a war. It seems easy to gain acceptance for a new furlough trip costing 20 million kroner. How do people stand on a much more important question, such as using 20 million kroner to speed delivery of protective clothing against ABC weapons for our soldiers? How many hundred million kroner did the implementation of the job environment law in the armed forces add to the operating side and what was the loss in disposable labor?

It is extremely probable that the operating budget is too small. The operating side of the budget does not conceal any substantial reserves for

investment. Thus money must be obtained elsewhere, either through a general increase in the defense budget or through extraordinary appropriations for the purchase of materiel.

Our politicians should know that the problem cannot be solved by lobbing the ball back to defense. Again committees will go to work in defense, resources will be used and other tasks will have to wait. Paradoxically, we lack a committee here--a committee to clarify how the defense system is to get the funds it needs. Other committees are not needed.

The tasks that the defense system is to perform and that Storting has approved are stated brilliantly in Storting Report No 230 (1982/83). The Defense Committee stressed these things:

The necessity of maintaining a nationally balanced defense.

Norwegian forces will have to bear the brunt of an armed conflict.

Norway's situation means that the country must be able to counter an assault alone until the necessary allied reinforcements arrive.

These objectives and admissions should have stimulated our popular representatives to do something about defense finances. For the most part the solution lies outside the armed forces.

6578

CSO: 3639/150

## OSLO DAILY ON ICELAND FOREIGN MINISTER'S CALL FOR DEFENSE ROLE

Oslo AFTENPOSTEN in Norwegian 1 Aug 84 p 2

[Editorial: "Iceland with Its Own Armed Forces?"]

[Text] It is likely to rouse attention both in Scandinavia and in the context of NATO that Iceland's Foreign Minister Geir Hallgrimsson has now begun saying that Icelanders themselves should take part in the defense of their own country. The idea has been raised before in various quarters in the security policy debate in Iceland, but it is first in recent times that it has been taken up from government quarters.

Up to now our neighbor country in the west has been in a unique position among NATO member nations in that it does not have its own armed forces. True, there is a coast guard, but it has exclusively civilian duties in connection with inspection of fishing and rescue services. The Icelanders' contribution to NATO consists in providing space for the important American Keflavik Base in their territory.

The new thinking in the Icelandic government must be viewed in connection with the fact that the country's strategic situation has become more vulnerable in recent years in pace with the steadily increasing Soviet naval and air activity in the North Atlantic area. In light of this, NATO is planning to build two new radar stations in Iceland in order to fill the gap in the alliance's surveillance systems. Foreign Minister Hallgrimsson wants these radar stations to be manned by Icelandic personnel. At the same time he is suggesting that the Icelandic coast guard take part in the surveillance work which the Americans at Keflavik have been alone in carrying out up to now.

Defense questions, and first and foremost in connection with the American base, are emotion-laden topics among Icelanders. In earlier times military forces were regarded as a non-necessity, in part because of the country's location far from Europe's conflict center, and in part because responsibility for the country's security policy rested in Copenhagen all the way to the last world war. With our time's global conflict scenarios, the possible military front lines have put a quite different kind of pressure on Iceland, and the sometimes noisy campaign against the country's role in the NATO alliance has had to give in to the realities as the majority of the people have realized them to be.

On Norway's part it has been regarded with understanding that our western kinsmen have not found resources to spare for national defense, in addition to the fact that the country is the smallest in NATO as far as number of inhabitants is concerned. But if the government in Reykjavik now thinks that the time has come for more active participation in defense by the country's own citizens, there is reason to welcome such an initiative with delight.

The sense ought to be seen in a nation's finding it problematic to base its defense at length wholly and completely on foreign forces. It can strengthen stability in NATO that a vulnerable member country fortifies its defense effort with personnel who have their home in the country itself, in addition to the tasks which are carried out by others in what is, in spite of everything, a guest role. This does not change the need for the American presence at Keflavik, neither for Iceland, for NATO as a whole, nor for our own country.

8985

CSO: 3639/144

## ARMED FORCES INADEQUATELY PREPARED FOR CHEMICAL WARFARE

Stockholm SVENSKA DAGBLADET in Swedish 29 Jul 84 p 7

[Article by Magnus Liljestrom: "Increased Threat of Chemical Weapons; Poor Readiness"]

[Text] Nerve gas, mustard gas and radioactive substances are part of the educational materials at the Army ABC Defense School in Kungsängen outside Stockholm. There, Swedish military personnel is being prepared for the forbidden warfare with chemical weapons.

"The threat from chemical warfare agents is a reality today. We must be prepared, otherwise we will be knocked out immediately if an enemy were to use such weapons," says Lieutenant Colonel Bertil Nilsson, head of the school's testing section.

In his opinion Swedish readiness for such an attack is inadequate today. Not until 1989 will we have fully satisfactory basic protection against chemical weapons, according to the plans of the Defense Staff.

The ABC Defense School plays an important part in that planning. Among those trained there are safety engineers, who are to be responsible for expertise in the brigade staffs. They are the only draftees among all the high officers on these staffs. The safety of 5,000 men depends on their knowledge.

## Technical Solutions

"The duty of the safety engineers will be to propose technically feasible solutions to the difficult problems faced by the armed forces if the enemy uses C-warfare. They are to judge when chemical weapons have been used, which poison is involved and how it should be decontaminated," Bertil Nilsson says.

## Rely on the Equipment

In order to achieve this, a good knowledge of chemistry is needed. The pupils have studied chemistry at a university or a technical college with chemical orientation. At the ABC Defense School they are then given 300 hours of theoretical training about chemical weapons. But they also train in practice.

"They must learn to trust the protective gear and the cleanup equipment. That is why we have a training field where we spread mustard gas or nerve toxins which they have to train themselves to recognize and decontaminate," Bertil Nilsson says.

C-weapons are actually prohibited in Sweden, but the school has permission to use small amounts. The school's supply shed contains the entire stockpile of Swedish C-weapons. The poisons are bought abroad, but exactly where they come from Bertil Nilsson wants to keep a secret.

"But it's pretty obvious where they do not come from," he says.

The safety engineers are also taught how to detect radioactive substances. Among the substances used is Cobalt 80, supplied by Studsvik. The radiation is many thousand times weaker than during the explosion of a nuclear bomb, but it still provides an opportunity to test the measuring equipment.

"Everyone participating in the training has a film dosimeter, which indicates whether anyone has received too much radiation. But the hazards are minimal; we have never yet had an accident here."

#### Sweep Clean

There is no way to neutralize radioactive fallout. The only thing one can do is to sweep "contaminated" equipment clean, and in that way reduce the hazards. Warfare gases, on the other hand, can be neutralized with various chemicals.

"First and foremost we use chlorinated lime. But the emergency supplies are limited, and hence it is important for the engineers to be capable of improvising. For instance, they can use chemicals from some industry or even ordinary household cleaners and a lot of water," Bertil Nilsson says.

But pure water is a scarce commodity when an area has been poisoned by chemical weapons, and in order to be able to use the poisoned water, chemicals are required which are also in short supply.

#### Lack of Gas Masks

"It is quite clear that an attack with chemical weapons would cause tremendous problems. Furthermore, it is likely that such an attack will come as a surprise and suddenly."

"The attacker aims for unprotected targets and command functions and uses conventional weapons simultaneously. If for example an airport is bombed and also attacked with nerve gas, it will be very difficult to repair the runways, and our fighter aircraft might remain on the ground," Bertil Nilsson says.



The wet C-protection suit and the gas mask protect against chemical weapons but are difficult to work in. At the Defense School chemical warfare suits are also tested, in order that the soldiers may be able to fight in contaminated areas. The suits in the picture are of U.S. manufacture.

A surprise attack would also be very difficult for the health authorities, who do not have the resources to receive all the injured. And for the civilian population it would be a catastrophe. Today the civilian defense lacks gas masks for a large portion of the population. There might not be gas masks for everyone until the mid-1990's.

11949

CSO: 3650/264

## SURVEY FINDS CONSCRIPTS CRITICAL OF TRAINING EFFECTIVENESS

Stockholm SVENSKA DAGBLADET in Swedish 29 Jul 84 p 7

[Article by Jonas Wallmark: "Conscripts More Satisfied With Officers Than With the System"]

[Text] Almost all conscripts are satisfied with their officers. But more than half find the training ineffective and "mind-numbing." This was shown by a study conducted by the Central Statistical Bureau, SCB, commissioned by the Conscript Training Committee.

The study, which will be officially presented on Wednesday, includes 1,500 conscripts from 10 Army units. It shows that a majority is dissatisfied with the training; 65 percent of the participating soldiers were of the opinion that the training was ineffective.

Poor information increases the inefficiency. The opinion of 75 percent was that they received much too little information during the exercises, that they simply were not informed of the purpose of the exercise. The result, the conscripts believed, is that they become dull and lose concentration.

The fault does not lie with the officers; 90 percent of the soldiers were satisfied with the efforts of their superiors during the training.

No, it is the system itself that is wrong, the dissatisfied conscripts believed. Increased codetermination is what is needed: Then we will get an efficient defense with satisfied soldiers.

In recent years officers have actually begun to be trained according to new models aimed at learning how to instill more determination in their subordinates.

But they want more of that, because in the footsteps of a more democratic system follows better information and better motivation in the soldiers, in the opinion of the conscripts.

"What is encouraging about the study is that the conscripts show such a positive desire for changes. Despite the criticism, there is almost no one who just "doesn't give a damn about it all" and thinks that the "draft" might just as well be scrapped," says Anders Svard (Center Party), a member of the Conscript Training Committee.

With this study the committee approaches the end of its work, which has been in progress for over a year. Its memorandum on conscript training will be submitted to the government some time in August.

The committee discovered shortcomings before that and will propose changes.

One change is that the training will take place more in the field than in the barracks. An ordinary Army soldier today spends 20-50 days in the field, depending on the service branch. The committee wants to increase that time to 30-65 days.

On the other hand, the committee does not want to shorten the training period. Representatives of the conscripts have previously voiced their opinion in favor of shortening the minimum service to 5.5 months; the committee wants to keep the 7.5 months.

Other than that, it was pointed out that the conscripts have inadequate training for night-time battle, damage control, combat in built-up areas, medical care and in protection against nuclear weapons and BC-warfare agents.

11949

CSO: 3650/264

## MARTENS DEFENDS ECONOMIC POLICY, VIEWS CVP PROBLEMS

Brussels DE STANDAARD in Dutch 13 Jul 84 p 2

[Interview with Wilfried Martens by Manu Ruys, Jan Bohets and Mark Deweerdt: "Martens: I am Prepared to Represent the New Profile of the CVP"; date and place not specified]

[Text] "The next elections are of vital importance to the CVP [Christian People's Party]. It is essential for them not only to defend their policies, but also to come forth with a new message, a new profile. If the party asks me to do so, I am prepared to represent that new profile." Prime Minister Martens said that in a long interview by our editors. In that conversation, he defended the policies as carried out and stated that reduction of the budget deficit, maintenance of competitiveness and the war on inflation remain top priorities. In addition, the premier declared that the government reform of 1980 must be implemented fully, but that that will require a tremendous effort. Martens is convinced that the federal form of government is the best for our country.

[Question] In recent months, doubt has been growing among employers whether we are maintaining our competitiveness. Do you share that doubt?

[Answer] Last year a greater effort was made than this year, but if you consider both years together, you must conclude that we are maintaining our competitiveness vis-à-vis our seven most important trading partners. Nevertheless, that does not make us blind to the fact that it must also be secured for 1986-87.

[Question] Even following the February 1982 devaluation, the international value of Belgian franc has continued to drop slightly, a factor that contributed to maintaining our competitiveness. Do you intend to continue allowing our currency to weaken in order to keep us competitive?

[Answer] That is not the most decisive factor. Moderation of expenses by business itself remains essential.

[Question] Do you accept the High Council of Finance's criticism that your savings plan consists too much of tax increases and too little of reductions in expenditures?

[Answer] I believe it was a good idea to incorporate indexing of three times two percent into the operation. Theoretically I would have preferred to make

permanent changes, but I have discovered that such measures are never proposed. And we had been living beyond our means to such an extent that we had to implement a linear intervention. The effect of the savings plan, as confirmed by analyses by the budget cabinet, is 48 billion [Belgian francs] net in 1984, 129 billion in 1985 (of which 105 billion is a reduction in expenditures), 218 billion in 1986 and 230 billion in 1987.

Consequently, I cannot agree with the criticism of the High Council of Finance. Such linear measures were unavoidable.

By the way: the evolution of inflation is of great importance. It is virtually certain that the first index adjustment will be in early 1985. Since it will be skipped, that would be an additional 9 billion francs savings for the treasury.

[Question] Recently, various people, including minister Eyskens, have argued in favor of a greater reduction in expenditures than the government envisions in its savings plan.

[Answer] Thus far we have only investigated the expenditure side of the balance sheet and we have arrived at 105 billion francs in savings. We have not yet completed our discussions of the basic economic hypotheses - the assumed economic growth and inflation - of the budget and of projected income. In the coming days we will be able to fix the net balance to be financed. In order to conform to the savings plan, we must limit the deficit to 480 billion francs or 10 percent of the gross national product. For me that is a difficult goal. Whether we can reduce expenditures by an additional 82 billion as has been proposed is still unknown.

[Question] Do you agree with the contents of Eyskens' proposals?

[Answer] For me, priorities are reduction of the budgetary deficit, maintenance of our competitiveness - through moderation as well - and inflation. Of course I find the fiscal pressure far too great. But we have to concentrate our efforts to reduce the budgetary deficits.

In Conformity with the Market

[Question] Will banks have to make a contribution to put governmental finances back on a sound footing, as minister Maystadt proposes?

[Answer] I am astonished that so little attention has been paid to what vice-premier Gol said in an interview with LA MEUSE-LA LATERNE: we must attempt to escape the vicious circle with our debts. In the savings plan, we announced negotiations with the financial institutions, but the keyword is "in conformity with the market".

[Question] What do you consider possible measures in conformity with the market, besides traditional consolidation of treasury certificates and consequent postponement of the interest payments till the next fiscal year?

[Answer] The government has not yet conferred on that issue. I cannot make any statement on it. I can only confirm our intention to seek mechanisms in conformity with the market which must lead to 15 billion francs in savings.

[Question] Of late your ministers have been very talkative.

[Answer] I believe that the ministers should make fewer statements and take more actions. One of the characteristics of our political system is its great openness. That does lead to posturing.

[Question] 1985 is an election year. That means that it will not be so easy to get spending reductions adopted by parliament.

[Answer] Of course that is a challenge to the majority. Thus far we have been able to implement the majority of our measures by virtue of our special powers. In this legislative period it is no longer possible, among other things for constitutional reasons. The council of state has adopted the legal position that the special powers can be justified on the basis of article 78 of the constitution. But the council of state has added that this must remain an exception and that one cannot continue to issue legislation during an entire legislative period by virtue of the special powers. That could possibly work if we had a constitutional system like that of France.

#### Special Powers

[Question] The vice-premier recently argued in favor of such a system. Do you also support that idea?

[Answer] Actually, Gol said nothing new, and I was surprised by the reactions to what he said. He and Dehaene made the same comment at the installation of the study center for state reform. Gol argued in favor of a constitutional system like that of the French fifth republic, in which the constitution outlines the conditions under which a government can assume special powers. We have a pragmatic system which was now confirmed for the first time by the council of state. My own inclination is toward a constitutionally determined system, which could spell out a much more limited duration of the special powers than the pragmatic approach, for instance.

[Question] Do you mean by that that the parliament is a handicap to the government, especially in times of crisis?

[Answer] No, not at all. The characteristic of our special powers is that they are wielded under the constant supervision of parliament. But in periods of crisis, in view of the increasing complexity of the measures to be taken, parliament would have to make a choice: either give a much greater mandate via a system of outline legislation to the executive branch to arrange details based on options expressed by parliament itself; or set up a constitutional system like that of a number of other countries; or, a third system, like that of the Netherlands and England, in which important measures are taken after a debate in parliament lasting a week or two. Here the debate on recovery legislation lasted from the last week in April to the second week of July. If you had to depend on that alone, rapid action would be impossible; the debates



in our parliament traditionally last much longer than in other countries. That does have its advantages, but also its disadvantages. I do think that we will have to make a choice sometime. By my nature I am very much in favor of parliamentary debate, among other reasons because you get greater support from public opinion if you involve the majority of members of parliament in policy making.

[Question] Do you consider it conceivable that the issue of special powers will be discussed in that form during the next deliberations on formation of a government?

[Answer] I think that we are far away from a consensus on that issue. There are important groups in our political system that are absolutely opposed to it. What I do believe is that whatever government is in power after the next elections will be obliged to seek refuge in special powers via the pragmatic approach. But institutionalization of the special powers issue seems to me extremely difficult to achieve. I believe that the spirit is not yet there for that.

#### Bicameral System

[Question] Parliamentary action on the recovery legislation, with a senate that cannot amend the bill because the house is in recess, raises questions about how meaningful a bicameral system is.

[Answer] In my conception of the political system, the two houses have a complementary importance, since I consider the lower house to be the expression of the regions. But even under our current system I believe in it, with the proviso that both houses have equal rights, so that if one house amends a bill, the other will have to accept the consequences. I want to stress that it was not the government that insisted that the lower house recess; it was an independent decision of the house itself. Moreover, it is the case that the government can accept changes in the recovery legislation if there is a consensus on them among the majority parties. We have conferred on this matter and normally there also is coordination of discussions with the majority parties in the senate. Of course it still is problematic for the senate to have to meet while the house is in recess, since it makes the matter all the more confusing in the public mind.

[Question] Or perhaps it makes things very clear, since the public now can see that the senate has no real say in the matter...

[Answer] The confusion becomes especially clear...

[Question] A recurrent theme in this year's 11th of July speeches was criticism of the 1980 state reform. On the Flemish side there is obvious agreement that the reform is not being implemented properly and that it by no means has been completed.

[Answer] Not only on the Flemish side. Just let me make one point. In article 25 of the law of 8 August 1980, which deals with the composition of the councils, the senate reform is mentioned. Now the ball is in the senate's

court. There is now a senate committee consisting of the whips of the majority parties. Let me put it this way: I'll start to believe in the willingness and the political desire of politicians in this country to implement the state reform when they have the courage to actually eliminate their double mandate, with all of the consequences of such an action. You see, one of the reasons that we now have problems is that double mandate. I do not say that that is the only reason. I also think that we will have to make changes in resolving the conflicts of interest.

#### Regionalization

[Question] There is something else. In the last couple of years people have been saying, both on the Flemish and on the Walloon side, that the national government has been assuming increasing authority in matters over which it has no jurisdiction, thus undermining the authority of the communities and the regions.

[Answer] There are two areas in which the government reform has not received sufficient attention: transferral of administration and transferral of financial means. I really doubt that that is due to reluctance on the part of ministers in the national government. Of course we have had certain conflicts, but it is obvious that one of the fundamental rules of political autonomy is that you work with your own funds and that you are also responsible for them. That is a matter which undoubtedly has not yet matured fully and in which will continue to be ambiguous circumstances. On the one hand I really do believe that the regions and the communities have insufficient funds at their disposal, but on the other hand I think that they do not wish to assume sufficient responsibility for them.

A second issue is the transferral of civil servants and the division of large paragovernment organizations like the national housing corporation, the national land corporation and the RVA [national employment service]. Think of planning, which has now been transferred completely to the regions. When I consider the fact that a political agreement that was made back in 1975 has still not been carried out, then I start to doubt the political will to implement the reform, especially when there are conflicts with certain interests. Some people may have the impression that I am very cautious in my standpoints - they were very radical in '62 - if they compare them to what is now being defended. That is not true, because I am prepared to accept completely the consequences of what the laws say, even in the matters of funding and administration and reform of certain important paragovernmental organizations. My thesis is that these measures must be fully implemented in this phase.

[Question] But why aren't the paragovernmental organizations being divided now?

[Answer] Because the senate still has not ratified the bill. There is a discussion by the Flemish as to whether there should be a separate land corporation and a separate housing corporation or else a combined one. The consequence is that the bill still has not been ratified. I claim that a gradual democratic change from a unitary state into a federal one requires a

great deal more effort than simply approving statements of principles. It requires a continued effort. Transferring 8000 civil servants required a tremendous effort by the government with everything that implies, including negotiations with the unions.

Of course we also bump into criticism of the reform, in that the opponents to reform still have not put down their arms. In other words, there has been no truce on standpoints.

[Question] Is it not the case that certain parties, like the PSC [christian social party], or certain ministers from that party, are intentionally sabotaging the evolution from a unitary to a regionalized state? Doesn't that place a strain on your coalition?

[Answer] I do not think you can say that about our coalition. I still hear opinions expressed publically in favor of some other type of reform, for instance, not one based on communities and regions, but on the provinces. At least those people have the courage to make their standpoint known. But there is also a strong tendency to go much farther with fairly vague concepts. The thing that counts for me is implementing the law as it was accepted by a special majority of parliament. I believe that a federal state will and must be the solution for our country. That is my political conviction. I can accept the fact that not everyone espouses that conviction, not even within our government, but we have been charged by parliament with carrying out that reform, even with the weaknesses inherent in the 1980 text of the law. Remember that divisions of authority along such lines as "the regions are authorized to take public industrial initiatives at the regional level" are not slips of the pen, but that it was a political decision of the governments at the time and of the majority to retain limitations of the regional authority, with all of the consequences that implies.

#### Christian Democracy

[Question] As a prominent figure in christian democractic circles, you can hardly be blind or insensitive to your party's problems. How do you view your party's position in the coming months, among other things in regard to the next elections?

[Answer] Back on the night of the European elections I stated that the ruling majority, and more specifically my own party, must dedicate themselves with conviction to the election campaign with the intention of winning those elections and that they must consider those elections a challenge to retain their majority and to continue the policies that we have had and must maintain. I make no bones about it: I shall do my utmost in the campaign to convince our electorate that the policies we have had are not only the best, but the only possible ones, and that they must be continued. I believe that my party should carry out its campaign along those lines. Incidentally, I think it is very important for democracy for a party to have the courage to defend its policies and to say: if you vote for us and we are still in the majority, it will mean that our policies will be continued. Of course, and that is essential, with the proviso that the electors approve them. As far as I am concerned, it is certain that I will not be associated with a platform that would undermine or fundamentally change our current policies.

I think that we are approaching a election which is vital to our party, but not just that one election is at stake; the issue is to address the voter with a new political profile. We must renew contact with coming generations, who often demonstrate sensitivities different from our own. Another factor - in every country, but especially in Flanders - the number of traditional voters who supported christian democrats for traditional reasons is decreasing. In other words, the political content of the party's image is becoming extremely important. You could say that we are just now becoming a full-fledged political party, that is, one with voters who vote for or against it on the basis of its political content, its political actions and the personalities who represent it. That is the new serious challenge confronting us.

Consequently, we have a two-fold task in next year's election campaign: defend the policies we have adopted and proclaim a message for the future. I think that a number of young voters who are now very critical of what we are doing can be convinced of the reasonableness and the necessity of what we are doing, on the condition that there are receptive to the ideas that christian democracy will represent in the future.

[Question] You personally intend to embody that message, that profile?

[Answer] It must be embodied by the entire party, not be ministers or the prime minster alone. But if the party asks me to do so, I am willing to, and I am also willing to accept the consequences. If I fail, I will make no excuses. But I think I will win.

12571

CSO: 3612/110

## HIGH INFLATION, IMPROVEMENT IN FOREIGN TRADE

Zurich NEUE ZUERCHER ZEITUNG in German 20 Jul 84 p 9

[Article by T.H.: "No Real Economic Optimism in Belgium; Skepticism Despite Confidence of Planning Bureau"]

[Text] Brussels, 18 July--Although all branches of industry, with the exception of construction, report growth sustained by exports and investments, there does not seem to be any real economic optimism in Belgium. The cause of this lies in the strong low which the barometer of the National Bank registered in March and April. The index has meanwhile pointed again to a return to the previously decisive economic upturn, of course, but there is still some skepticism that the momentary slump was not only a result of the dispute over wages in the FRG, but had deeper causes. Not all observers share the confidence of the Planning Bureau, which has ventured more favorable predictions than just 6 months ago, particularly concerning the national debt and the balance of trade.

## Positive Development of Production

The growth of industrial production--with the exception of the construction industry--amounted to 5.7 percent for the first quarter of the year. In March alone, growth totaled 7.9 percent. A 0.9 percent decline from March was reported for April, but this was a 1.2 percent increase over the same month in the previous year. In the construction industry, the economic downturn also continued in the first quarter with a decline of approximately 3.6 percent. Housing construction is an exception in this regard, however. The number of building permits increased by just under 10 percent. This is obviously related to the effects of fixing the deadline for government assistance measures for not later than early 1986.

## Further Improvement in Foreign Trade

Presently available data on foreign trade confirm the past year's favorable developments, with exports increasing by a real 4 percent and imports declining by 3.3 percent, reducing the deficit to 115 billion Belgian francs, less than half the 1982 figure. At the same time, the energy balance deficit in particular was reduced, being helped not only by conservation and increasing conversion to nuclear power, but also by the



more favorable dollar exchange rate. In the first two months of the year, the balance of payments deficit on a cash basis amounted to 11 billion Belgian francs, whereas a year earlier the negative balance totaled 30 billion Belgian francs. The harmonious situation has been disturbed by a drastic increase in the flight of private capital, which rose to just under 74 billion Belgian francs (14 billion in the previous year).

For the first time in a long while, investments have turned out to be the second pillar of the economic upturn. According to data of the Office of Statistics, in the first quarter of the year investments were 21 percent higher than the previous year's figure, with the lion's share being used to increase capital stock in the nonindustrial sector. Whereas there was an increase of 34 percent in this instance, new investments in industry amounted to only 7.5 percent. How radically the trend has shifted, however, becomes clear when we consider that there was practically no growth of any note (+0.1 percent) on the average during the previous year. However, the jump in the demand for investments, as regards longer-term economic effects, is being cautiously evaluated by the Ministry of Economic Affairs. Not only because most of that increase in demand does not concern industry, but also because in most cases it is a question of labor-saving rationalization investments.

#### Momentary Stabilization of Unemployment

Despite continued austerity, private consumption in the first quarter of the year again stabilized to some degree. The Office of Statistics notes an increase of 3.2 percent in retail sales at constant prices. Most observers, however, expected a renewed decline in private demand during the year, estimated at 2 percent by Benque Bruxelles Lambert (BBL), for example. The BBL predicted a drop of 1.5 percent in government consumption, while public investments were expected to even decline by 5 percent. In all three cases, the direct effects of the Martens government's new savings plan were considered, which is also expected to have a detrimental effect on employment.

The number of jobless claiming unemployment benefits has remained stable since the third quarter of 1983--there has even been a slight drop in their number since the beginning of the year--however, the annual average number of unemployed is expected to rise to 520,000 or 12.4 percent of those employed (12.1 percent in 1983). Only the jobless supported by social security are considered in this number, thus the total number of job seekers could grow to 610,000 or 15 percent. Besides the comparatively modest growth of the gross national product, which should be about 1 percent, the expected worsening of the labor market situation derives from personnel cuts in government, education and health care as a whole. In addition, business producing mainly for the domestic market will barely be able to maintain their employment levels.



## High Inflation

Difficult to explain is the high rate of inflation, which was, in May at 7.2 percent, and at 6.8 percent in June (on an annual basis in each instance), over the desirable maximum level of 6 percent. The average figure of 7.2 percent for the first five months is even more amazing since all starting points suggested an opposite development: the effects of the devaluation in 1982 have finally subsided, the growth of wages has been strongly restrained, and the cost of energy imports has declined. Apart from the dollar's exchange rate, which for the first five months averaged 1.2 percent over the figure for the last quarter of 1983, and the increase in various charges for public services, hardly any explanatory factors can be specified.

12580

CSO: 3620/379

## LARNACA FREE INDUSTRIAL ZONE TO BENEFIT ECONOMY

Nicosia O FILELEFTHEROS in Greek 16 Jul 84 p 1

/Text/ "The Cypriot economy will have tremendous economic benefits from the operation of the Larnaca Free Industrial Zone" said the minister of Commerce, Mr. Andreou, during his exclusive statement to O FILELETHEROS.

The minister said that the industries that are being established in the Zone and that will export all of their products abroad will be using domestic raw materials, scientific and other personnel from Cyprus, as well as all the services that are available in our country.

The minister added that at this moment, Cyprus is offering its geographic position, the substructure to the Free Industrial Zone, the general services such as telecommunications, banking systems, airports, harbors, postal services as well as its experienced administrative and labor personnel.

Another advantage is the fact that the industrial products from Cyprus that are imported by countries of the EEC do not pay duty.

Furthermore, the government gave the industries that will establish themselves in the Free Industrial Zone various tax incentives. This refers to both the foreign and Cypriot companies.

Mr Andreou said "we believe that all these advantages will attract foreign capital and build industries in the Free Industrial Zone".

Already, the indications up to now are very encouraging.

0346

CSO: 3521/324

**BIG JUMP SEEN IN BALANCE OF TRADE DEFICIT**

Nicosia I SIMERINI in Greek 19 Jul 84 p 1

/Text/ The balance of trade deficit had a vertical rise during the first five months of 1984, reaching 222.3 million Cypriot pounds in comparison to 162 million during the period January through May 1983.

There was also a rise in imports for domestic consumption that reached 319.8 million in comparison to 232.6 last year.

According to a report of the Statistics and Research section, local exports reached 109.9 million during the period January through May 1984 in comparison with 78.4 million for January through May 1983, while the re-exports increased at a quicker pace to reach 40.5 million in comparison to 22.3 million for the period January through May 1983.

The main sources of imports for Cyprus during the period January through May 1984 were the EEC countries with 211.5 million or 56.7%, the Arab countries with 37.3 million or 10%, the Eastern countries with 23.9 million or 6.4%, the countries of the European Free Trade Zone with 14.9 million or 4% and all the other countries with 85.3 million or 22.9%. The main markets for Cypriot products were the Arab countries with 67.2 million or 44.7% of the total and the EEC countries with 51.3 million or 34.1%.

Imports have increased by 25 million during the month of May. Specifically, they rose to 81.7 million in comparison with 56.1 million in April 1984 and 60 million in May 1983. Exports rose to 46 million in contrast to 31.4 million in April 1984 and 24.6 million in May 1984.

9346

CSO: 3521/324

## ECONOMIST: COUNTRY CANNOT EXPECT IMPROVED LIVING STANDARDS

Copenhagen MÅNEDS BØRSEN in Danish Jul-Aug 84 pp 11-12

[Commentary by Chief Economist Torben Nielsen: "Denmark Cannot Afford a Better Standard of Living in Coming Years. One Thing Is That the Danish Economy Has Gotten Onto the Right Track. But Our Fundamental Economic Problems Have Not Been Solved."]

[Text] The years to come will place considerable demands on the economic policy if the favorable growth in the Danish economy is to be maintained. The turnaround in the Danish economy has been of such strength that it has probably convinced quite a few that the way out of the economic problems will be far easier and quicker than originally assumed. We have a brighter outlook on the future and are acting accordingly. We once again dare to buy on credit and we once again dare to build our own homes. And it is in this mood of "things are going well here" that there is reason to point a few things out. For although the Danish economy has gotten onto the right track, our fundamental economic problems are still so big that we cannot afford any noteworthy growth in prosperity in the years to come if the balance of payments and State budget deficits are to be eliminated within the foreseeable future.

Now it cannot be just claimed that the government has sought to lower expectations a little in order thereby to grease the pan for possible further budget policy tightening, if this were to appear necessary out of regard for the balance of payments, for example. On the contrary, the latest forecasts from the government's own economists paint an extremely optimistic picture of the Danish economy.

In the Budget Report, the officials maintain by way of introduction that the government has reached the goals it had set for itself when it came into power. Economic activity has grown in the private sector, the balance of payments deficit has been reduced, inflation has dropped, interest rates have fallen, and employment is increasing. At the same time, growth in the public sector, largely speaking, has been brought to a halt, and the State budget deficit has been reduced. And according to the Budget Department's economists we can expect that the success in the economic policy will be nailed down with 7-inch nails in the years to come. That is, we can expect a strong economic upswing borne up by a strong growth in exports and business investment. The growth will be greater than in other Western industrial countries and business

investment is now up at the same high level as in the 60's. But this is not enough. The balance of payments deficit will disappear in 1988 and the State budget deficit will drop markedly, and although there will also be a considerable new influx into the labor force in the future, economic growth will be so great that unemployment will drop by 10,000 a year. Yes, it is easy to get the impression that the happy 60's now will be superseded by the jubilant 80's.

However, the Budget Department's forecasts are based on a number of expectations that seem very optimistic, all things considered.

In the international area, 3.5 percent per annum real growth is expected in the OECD area, wage increases of 5.0 percent per annum, real interest rates dropping to 3.5 percent, an average rate of exchange on the dollar of 8.80 kroner, and that energy prices will increase by only a real 0.4 percent per annum. The international assumptions seem reasonable, if very optimistic, but when the conversation turns to the sheerly domestic the realism is hardly so conspicuous.

The Budget Report assumes that the growth in public expenditures will come completely to a halt, that the growth in wages will be brought down further, and that Danish interest rates will fall to the same low level as abroad. The assumption regarding stagnation in public expenditures requires that a very tight financial policy be conducted.

The government's original goal was for the growth in public expenditures to be brought to a halt in 1983/84. Yet, real growth of 0.5 percent must be noted.

The problem is that big cutbacks must be made currently in order just to neutralize the considerable underlying forces which, so to speak, are pushing public expenditures into the sky. For example, there are getting to be more and more receivers of pensions and backpay recipients; public employees and pensioners have, like wage earners in the private sector, a positive growth in real wages; etc., etc. That is, if public expenditures are to be given a rest in coming years, big annual cutbacks must be made in order to neutralize the underlying automatic machinery; and, in part, increases in expenditures in certain areas, for example, care for the elderly, must be neutralized via cutbacks within other areas; for example, child welfare and youth services. The troubles at Copenhagen hospitals demonstrate that this structural adaptation of the public sector is certainly not problem-free.

A very decisive assumption of the Budget Department's forecast is the growth in wages here at home. The Budget Report does not report in its forecast how little wages will increase in the future, but just states that the growth in wages is assumed to be appreciably less than the foreign. A guess that the forecast is based on an increase in wages of 2 percent per annum is hardly completely off.

In spite of the fact that the automatic cost of living adjustment has been suspended, this seems to be a very optimistic assumption.

The current income policy limit of 4 percent will be maintained, largely speaking, in the manual labor market. On the other hand, there is a distinct trend toward greater wage increases in the salaried workers area, primarily as a result of a beginning shortage of certain types of manpower. With the growth which the Budget Department foresees, especially in industry, within the foreseeable future there will be a shortage of certain types of skilled manpower. And in this situation it is difficult to believe that the growth in wages will be halved as compared with today, when there are no bottleneck problems in the manual job market. The economic sages are also operating in their latest report with a somewhat higher increase in wages than the Budget Department's. In the short term, i.e., 1984/85, the sages are relatively optimistic. Economic growth will be great but not great enough to avoid a smaller growth in employment. And the balance of payments deficit will be somewhat larger than the government's economists expect, i.e., 16 billion kroner this year and 13 billion kroner in 1985. But in the slightly longer term the sages' optimism is quickly missed. For instance, the sages doubt whether the present expansion in balance of payment industries is sufficient for the present problems with unemployment and the balance of payments being able to be reduced without further economic policy measures. The increasing interest payments on the foreign debt and some worsening in terms-of-trade will, that is, absorb the improvement the growth in exports provides in the trade balance. A wage lowering to 2 percent per annum will help enormously. For instance, the sages have calculated that if the wage increase rate is reduced from 5 percent to 2 percent per year, in the course of six years this will reduce the balance of payments deficit by 15 billion kroner, 124,000 new jobs will be created, and the State budget will be improved by 21 billion kroner. But in contrast to the Budget Department, the sages do not think, as said, that it is possible to moderate the growth in wages so markedly. Therefore, other things will also be necessary in order to keep the deficit in check. Expert Niels Thygesen believes, for example, that it will be necessary to carry out new tax increases.

Or, in other words, the finance minister and the tax and duties minister can look forward to some overtime if the growth in wages is not checked further in the time to come.

Budget Department's Estimate of Growth in Danish Economy; Supply Balance, 1985-88

	<u>Annual real growth in percent</u>		
	<u>1984</u>	<u>1985</u>	<u>1985-88</u>
Gross national product	3.0	3.8	3.7
Imports	3.5	3.6	3.9
Exports	3.6	5.4	5.8
Private consumption	1.5	2.7	2.6
Public consumption	-3.4	0.4	0.4
Public investment	7.4	2.0	2.0
Fixed business investment	15.0	11.3	9.1
Housing investment		8.0	4.5



We will have economic growth in the years to come, which will be at the same level as up through the 60's, and the balance of payments of deficit will disappear in 1988, the pressure on the State budget will decline markedly, and a total of 170,000 new jobs will be created. But the forecast is based on a number of very optimistic assumptions.

It is very optimistic assumptions which the Budget Department's estimate is based on, and therefore the result is also very optimistic.

8985

CSO: 3613/207

## BUSINESS, FINANCE MINISTER BELIEVE ECONOMIC BOOM TO ENDURE

## Business Leaders Polled

Helsinki UUSI SUOMI in Finnish 13 Jul 84 p 18

[Article: "Good Times for Industry Will Continue"]

[Text] Industrial markets will continue to improve, but the rate of economic growth will slow down.

A larger number of industrial enterprises than before, 73 percent, believes that positive economic prospects will continue. Every fifth respondent to the economic barometer poll conducted by the Central Industrial Association in the middle of June believed that their own economic prospects will improve, and only 7 percent believed that they will become worse.

Compared to the international situation industrial production will increase at a brisk rate, since last summer the growth rate has been more than 4 percent.

Industry will be receiving more and more orders in the near future. Exports are also increasing; the prospects of the forest and metal industries are particularly promising. The amount of investments, on the other hand, has not yet increased since last year, but it is expected that they will also increase in the future.

"Price Increase To Remain at 4 Percent"

Relander is demanding a cautious and moderate expenditure development from enterprises and the public economy. He warned that exports to the East will no longer balance out a future economic decline in the same manner as before.

"Our economic development is now in a greater dependence than before on exports to the West. This presupposes that a halt will be brought to the decline in price competitiveness," emphasized Relander.

Relander stated that our price competitiveness in exports to the West declined by 5 percent this year. If the inflation rate can be slowed down by 1 percent, a halt could be brought to the decline in price competitiveness according to Relander.

Even though the economic barometer predicts that the rate of inflation will slow down, Relander considered it imperative to continue to restrain inflationary developments more effectively than before.

According to him, the budget should be compiled in such a way that the price increase would remain at only 4 percent next year.

"The real expenditure growth in next year's budget should be brought to a halt so that room for economic growth can be created for the years 1986 and 1987," stated Relander in sending his suggestions for economic growth to the compilers of the budget.

Relander also gave public notice on the reduction of the interest rate, by which inflation would be restrained in his opinion and a longer term of growth would be promoted.

#### East Bloc Trade to Decline

Helsinki UUSI SUOMI in Finnish 13 Jul 84 p 2

[Editorial: "A Word of Warning"]

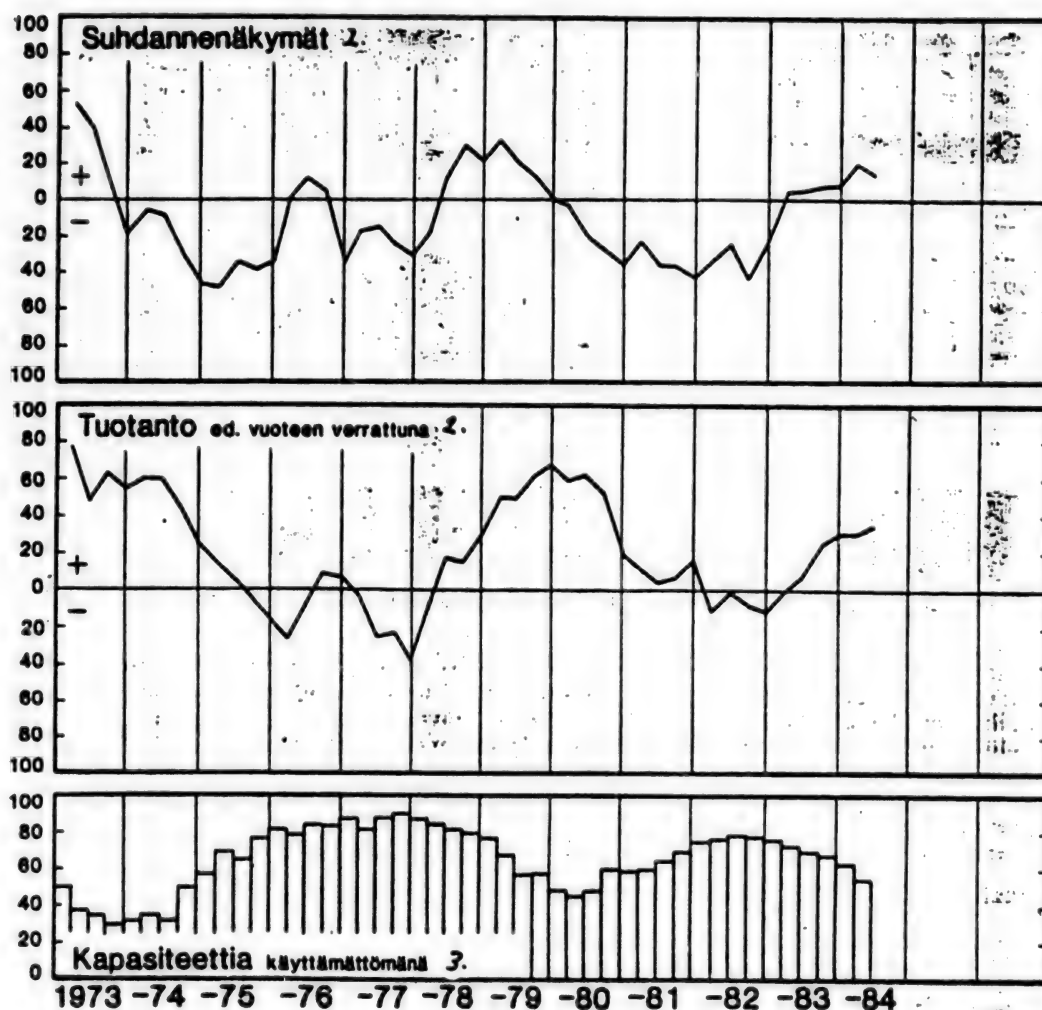
[Text] It is doubtful that Finns have become accustomed to the idea that things are going well for us and that we are experiencing an economic boom, we are already being reminded of the beginning of the next recession and are being urged to make preparations for it. This was done by Managing Director Timo Relander of the Central Industrial Association in publishing the association's new economic barometer.

Why are we reminded of worsening times already so soon, the economic upswing has only lasted a year and a half? In light of the most recent data industry predicts that the economic boom will be more shallow and shorter than the previous one. And the next recession will not even be balanced out by trade with the East, which has alleviated the situation before. It will experience greater strains since future development will be more dependent than before on trade directed toward the West, which, for its part, presupposes a halt to deteriorating price competitiveness.

The signs of a short economic boom are seen even elsewhere. The observations of Finnish industry are parallel with the most recent economic report of the OECD. It is expected that production will clearly decline next year already. This will mean that slower producers will not have a chance to participate in this economic upswing at all.

Preparations for the recession now beginning concern enterprises as well as the public economy. The government's approach to the economic situation will be seen in a month when it convenes after the summer vacation to prepare next year's budget.

Even though the Finance Ministry has emphasized a strict policy line and austerity in the statements it has issued, the signs do not seem to be good.



Key:

1. Economic prospects
2. Production compared with the previous year
3. Unused capacity

It is doubtful that in their budgetary solutions the ruling parties will be able to avoid the municipal elections, which, conveniently or inconveniently, fall before the publication of the budget.

If it is not possible to bring a halt to the real growth of the budget, the government will have very few means at its disposal at a time when it will have to commence an economic stimulation program in the years 1986 and 1987. At that time the recession will, indeed, be serious since even trade with the East will not be of help as it was in the previous recession.

Since income policy solutions are completed for next year, next year's inflation percentage will to a great degree be determined in the solutions of the budget negotiations. There would be reason to reduce the 5-percent inflation goal adopted by the government to 4 percent. Particularly since inflation goals tend to be self-fulfilling predictions.

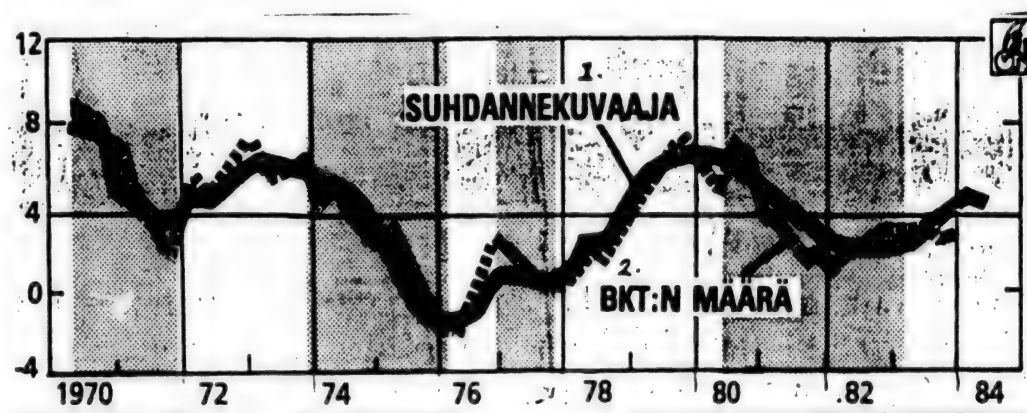
## Overheating Threat Discounted

Helsinki HELSINGIN SANOMAT in Finnish 20 Jul 84 p 22

[Article: "Finland's Economy on Crest of Wave"]

[Text] As if in honor of midsummer the Finnish economy has risen to surf on the crest of the economic wave, which the Finance Ministry believes will stay up for at least this year. In its interim report on economic trends published on Wednesday the ministry believes that the present boom will not go into a permanent decline until around the middle of next year. The economy will sink into a recession in the years 1986 and 1987.

The Finance Ministry's examination of the economy is in accord with the data of the Central Industrial Association's economic barometer published a week ago. However, the ministry talks about the economic boom, which industry refrained from mentioning.



Key:

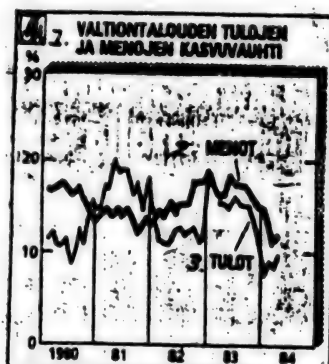
1. Economic indicator
2. Amount of GNP

According to Pertti Sorsa, director of the economic section of the Finance Ministry, the ministry has had no reason to change its previous prediction on the development of economic trends. The ministry already adjusted the original estimate for this year in May to be more optimistic than at the beginning of the year.

The ministry does not believe that the economic boom has become overheated, but the upswing is moderate and the boom is mild according to Sorsa. Overheating has been restrained by imposing exports deposits for lumber and cellulose.

The economic boom based on growing exports to the West will continue to be brisk until the end of the year according to the economic report. Consumption and investments have increased sluggishly and unemployment has decreased only

slightly since last year. The ministry predicted that domestic demand and imports will increase after the end of the year. The increase in consumer prices has slowed down perceptibly. However, labor costs will increase at a more rapid rate than in competing countries.



Key:

1. Growth rate of state economy income and expenditures
2. Expenditures
3. Income

#### Inflation Goal by End of Year

The government continues to consider inflation to be the primary enemy. According to Sorsa, the government's 6-percent inflation goal will be accomplished and opportunities exist for even going below this level.

According to Sorsa, we should already start looking at the year after next. Last spring's labor contract negotiations gave cause to consider how contracts for 1986 will be managed. "At that time there will be a good chance that the labor contract solutions will be favorable to the unions, which will be difficult for the government to influence," pondered Sorsa.

According to him, it would be important to push next year's inflation rate under 5 percent so that inflation would not determine the course of subsequent labor contract negotiations.

In addition to the slowing down of inflation, Sorsa was delighted by the perceptibly better than predicted development in the balance of trade. The balance of current payments has also been more favorable than predicted and domestic income formation has received additional impetus.

Sorsa found weak aspects in the economic picture from abroad. Strikes in England and West Germany have weakened European economic development. Also the new rise in U.S. interest rates is considered to be detrimental in Finland.

The labor struggles waged in Europe were also an immediate reflection of the Finance Ministry's so-called anticipatory economic indicator, which took a downward turn.



### Exports Growing Rapidly

Export growth to the West will continue to be rapid according to the economic report. It is not expected to slow down until the end of this year. Also export prices have increased perceptibly and they are continuing to rise.

Imports will increase at the end of the year. Import prices, on the other hand, have risen very little, which has improved the balance of payments.

The balance-of-trade surplus was estimated to be 4 billion markkaa at the beginning of the year while it was only 0.4 billion a year ago.

The ministry estimated that the quantitative growth of state expenditures will decelerate to a full 3 percent from last year's 6 percent. The state's gross need for funding will decrease this year to approximately 11 billion. The corresponding figure for last year was 12.5 billion markkaa.

10576

CSO: 3617/195

## PECHINEY CUTS ALUMINUM PRODUCTION BY 11 PERCENT

Paris LES ECHOS in French 13 Jul 84 p 5

[Text] Following Kaiser Aluminum, Alcoa, and Martin Marietta, Pechiney has now decided to react to the downturn in demand in the world market, shown by the abrupt collapse in the spot price, by stopping its electrolysis vats. Pechiney is going to cut back its European production capacity by 11 percent (from 670,000 to 600,000 tons), lowering the rate of operation in 16 plants from 97 to 91 percent. The three countries (France, the Netherlands, and Greece) where the group operates will be affected by this measure. It will not entail any plant shutdowns, the management of the nationalized firm indicated. The breakdown of these lowered production runs will be announced quite soon.

The group made its decision right after the 10 July publication of the level of western aluminum stocks in May. These stocks increased by 81,000 tons (to 4,020,000 tons overall) and by 61,000 tons (to 2,128,000 tons) for primary aluminum. The production of first fusion metal exceeded the level of 12 million tons, and capacities amount to 14 million tons. During the recession 2 years ago, Pechiney adjusted to the market contraction less quickly, but now the group absolutely does not want to exceed the level of stocks it had set in its budget.

Pechiney wants to avoid an oversupply that would be very expensive in terms of working capital. Georges Besse, president of Pechiney, does not want the company to depart from the very narrow line of financial orthodoxy, at a time when the group is still spending 4.6 percent of its sales revenue on financial costs.

The definite upturn in aluminum, shown by a rise in prices on the London Metal Exchange from \$950 to \$1,600 per ton between September 1982 and September 1983, did help to improve the group's financial position. Pechiney's losses last year declined from 3 billion to 460 million francs.

The gross results for aluminum moved from a deficit of - 831 million francs to a profit of + 836 million francs. At the start of this year, Pechiney was still counting on price stability (between \$1,600 to \$1,700). Can it get out of the red and show a profit as it hoped to do this year, with yesterday's aluminum prices in London being quoted at only \$1,169?

During the past year aluminum manufacturers moved very quickly to expand their production in order to profit from the price surge. Now they are being caught unprepared by some signs of weakness in the American recovery (slowdown in construction, for example). Are the current reductions only necessary adjustments in a highly unstable and fluctuating market? Georges Besse is concerned about this, for he fears a downturn in the economic situation.

7679

CSO: 3519/464

## DASSAULT-BREGUET 1983 CORPORATE FIGURES DEEMED 'SATISFACTORY'

Paris LES ECHOS in French 11 Jul 84 p 6

[Text] With profits up slightly--393.8 million francs in 1983 compared with 321.9 million in 1982--the PDG [Chief Executive Officer] of AMD-BA [Marcel Dassault Aviation-Breguet Aircraft], Mr Benno-Claude Vallieres, was finally able to present a decent corporate balance sheet to the CCE [expansion unknown] on 25 June of this year.

Considering the decline in orders in 1983 (down 37 percent for civil aircraft), this came as something of a pleasant surprise, confirmed by the sales revenue, up 10.6 percent. In 1983, sales amounted to 13.9868 billion francs.

Still on the subject of this satisfactory financial report, we should note the 85 percent rise in cash flow. This was caused by payment amortizations, 38 percent higher in 1983, and by an 87 percent rise in funds available over 1982.

The 3.4 percent increase in financing costs in relation to production does somewhat temper these results. There are two causes behind this increase: delays in payments are constantly growing longer, and client advances represent an increasingly low percentage of stocks.

While the decline in production purchases, in personnel costs and in hours worked (down 2.9 percent), and the expansion in studies and research-development (992.25 million francs in 1983, compared with 863.82 million in 1982) did provide significant productivity and added value gains, the surge in the workload which the company's management expected for 1985 still remains generally dependent on a prolonged recovery in the United States. A valid argument for the Falcon 900 which will still have to face competition from the American Gulfstream 4.

For the CFDT [French Democratic Confederation of Labor], which is a majority within the CCE, the positive balance sheet is perceived as a final burst of energy flaring up before the end: the line of Dassault aircraft is growing more limited. The Jaguar, Super-Etendard, and Mirage 3 are all now nearing the end of their production runs.

Isn't it about time for this military aircraft developer to diversify its production, certainly toward other programs, but above all, toward other high-tech fields?

7679

CSO: 3519/464

## REVIEW OF 'LABYRINTHINE' FOREIGN DEBT

Athens OIKONOMIKOS TAKHYDROMOS in Greek 21 Jun 84 pp 3, 6

[Analysis by Andonis Papagiannidis]

[Text] There has been a lot of talk recently over the magnitude, scale and dangers of, as well as prospects for, Greece's foreign debt. This matter threatens to develop into one of those issues (another example of the advantages and disadvantages of joining the EEC) around which a permanent dialogue of the deaf is being conducted. Different statistics are brought in for measuring the same volumes and diametrically opposite arguments are based on the same data...

We, therefore, propose to our readers a brief guide to data on the foreign debt taking care, however, to inform them first of all of the following:

-(That) The differences in determining the (primary magnitudes) (commercial loans payable in more than credits a year are included in average and long-term borrowing; the critical amount of credits for the purchase of military material are also taken into account) are not exclusively Greek in nature: a few months ago, strong words were exchanged between French Minister of Economy Delors and the relevant committee of the French National Assembly over data being given out on France's foreign debt.

-(That) Different presentations of data between national monetary officials and international organizations (International Monetary Fund, Bank for International Settlements) have been observed in many countries, while some uncertainty over national data is deemed "normal" regardless of how strange it may sound: Greek data have so far been considered "a good basis for discussion" --how the various indicators that are calculated (foreign debt as a percentage of the GNP, debt service expenditures as to the overall exchange receipts); while they are, of course, useful for analysis purposes, they have very little usefulness in the real world for the securing of loans from year to year. Such factors as international events (the near bankruptcy of the Continental Bank, the nearly explosive situation in the Persian Gulf), the availability of resources at a given moment, the comparative situation of an economy as well as the degree of confidence of the market all play a more important role sometimes.



## Seeking the Size of the Debt

According to presentations made by the Bank of Greece when it addresses itself to the international market, the evolvement of the average and long-term foreign debt is as follows:

	1979	1980	1981	1982	1983
Private debt to banks	401.6	481.4	455.5	449	480
Public debt	3,098.6	4,204.2	5,163.0	6,214	7,600
Commercial credits	642.2	690.9	679.5	611	610
(private)	(292.7)	(300.2)	-	-	-
(public)	(349.5)	(390.7)	-	-	-
Total	4,142.4	5,376.5	6,298.0	7,274	8,690

(millions of dollars; 1983 estimates)

The above data must be supplemented with the commercial credits, which had, at some point, begun to play an important role in the financing of the deficit, but because of the rapid expansion of parity tend now to be reduced, as shown below:

	1979	1980	1981	1982	1983
Short-term credits	760.3	1,022.6	1,028.0	969.1	970
Average-term credits	642.2	690.9	679.5	611.0	610
	<u>1,402.5</u>	<u>1,713.5</u>	<u>1,707.5</u>	<u>1,580.1</u>	<u>1,580</u>

Nevertheless, attention should be paid to this point: of the commercial credits, those over 12 months are already being ascribed by the Bank of Greece to average and long-term borrowing. As for the short-term ones, only a percentage of them should be ascribed to overall borrowing for they are covered by (solvent) credits that are granted to customers by Greek establishments. At any rate, what counts more with commercial loans is that these credits should always be available to cover the needs of imports without needing to have recourse exclusively to (limited) exchange resources.

Another exchange obligation that is often likened to borrowing and is included in the foreign debt are the obligations from convertible deposits (that have already reached 4 billion).

With regard to this category it should be noted that the very nature of such accounts (Housing Savings Bank deposits, emigrant accounts) ensures significant long-term stability. Problems could essentially arise only under crisis conditions.

These accounts there do not include the loans that have over time been granted for military purposes. Here things are difficult for every computing

not only because of the nature of the subject but because, most of the time, one deals with loans with specified time limits and interest (especially the kinds of "aid" from the United States) that differ significantly from the conditions of the rest of all borrowing transactions. The order of the magnitude that has been heard ranges from 2 to 4 billion dollars. In this area, the "big unknown" will be the brunt of the purchase of the century, which will double the above sum, while the needs of the Navy too will have to be added on. Of special significance in this area will be the issue of the conditions for paying off new procurements of war material and also the extent and the spread of the offsets that will be granted.

If again one were to compare Greek data with those provided by the Bank for International Settlements (that gives the picture of borrowing "upside down," in other words from the lending banks) one would see a difference in the order of 1 billion that relates primarily to non-guaranteed debts of the private sector of the economy, while a corresponding amount relates to credits that have been provided by foreign trade financing establishments of developed countries.

#### Where the Problems Lie

Besides this effort to provide a "photograph" of Greece's foreign debt it would also be useful to take a few moments to find out the meaning of various indicators that from time to time are used to support arguments on the extent of the country's borrowing burden.

A first series of indicators are those that evaluate what the balance of trade deficit (from which the foreign debt "stems") represents and foreign debt itself as a percentage of the GNP. As useful as these indicators are, for analysis purposes, their practical usefulness is mainly the picture of estimates for the future evolution of the indicators. We give forthwith the indicators that the International Monetary Fund uses for the period 1983-1989:

	1983	1984	1985	1986	1987	1988	1989
Balance of trade deficit (% of GNP)	5.4%	5.3%	4.7%	4.0%	3.3%	3.2%	3.1%
Gross foreign debt (% of GNP)	27.2%	27.4%	26.4%	24.9%	23.4%	22.5%	21.6%

An improving picture clearly results from this estimate.

Less satisfactory is the picture resulting from the indicator of the ratio of expenditures for servicing the foreign debt (principal and interest for servicing average and long-term borrowing, as a percentage of exchange receipts). Here, the worsening situation is evident from data provided by the Bank of Greece:

1979	1980	1981	1982	1983
10.7%	11.1%	19.8%	15.7%	16.8%

The International Monetary Fund's estimates for the future are in this same vein:

1983	1984	1985	1986	1987	1988	1989
16.8%	16.0%	19%	20.6%	23.1%	23.7%	24.1%

In other words, there is an aggravation of the situation even before the ratio of the servicing of the foreign debt will reach a new (clearly unfavorable) level of equilibrium.

It is understood that the above indicators are further burdened if a sum larger than the average or long-term borrowing used in the Bank of Greece's data is taken as the overall foreign debt, a method which the International Monetary Fund basically follows. However, attention must be paid to the following: how does one estimate future burdens from the evolution of convertible deposits? How does one estimate the burden from defense bans?

The feeling that some problem is lying in wait in the servicing of foreign borrowing at some point after the coming decade is provided by the following estimates for the servicing needs (principal and interest estimates on the basis of 31 December 1982 data; in thousands of dollars):

	(1) Σύνολο	(2) Δημόσιο	(3) Δημ. Επιχειρ. - Οργαν.	(4) Τράπεζα Ελλάδος	Άλλες κρατ. Τράν. (5)	Άλλοι φορείς (6)
1983	1.065.225	122.279	427.300	421.072	64.021	30.583
1984	1.051.887	64.742	420.590	487.020	55.237	24.298
1985	1.140.151	74.131	447.983	532.454	62.957	22.626
1986	1.174.735	77.448	449.322	558.410	69.990	19.565
1987	1.316.207	76.090	477.561	681.034	64.245	17.277
1988	1.147.790	69.295	463.859	536.398	60.878	17.360
1989	910.606	66.663	372.026	402.695	55.323	13.899
1990	684.508	63.399	332.200	234.162	43.757	10.990
1991	389.417	56.305	257.958	44.124	23.420	7.610

Key:

1. Total
2. State
3. Public enterprises and organizations
4. Bank of Greece
5. Other state banks
6. Other establishments

Another tendency observed is the tendency to substitute the borrowing of public enterprises and organizations for the borrowing of the state and the Bank of Greece. The following is the history of the creation of

this tendency with an enumeration of the main components of the foreign financing of the public sector over the past few years:

	1979	1980	1981	1982	1983
(Total borrowing by the public sector)	(250)	(724)	(692)	(1,133)	(1,373)
Central Bank	250	749	697	1,047	577
State	122	45	95	118	205
Public Enterprises and Organizations	257	354	438	568	1,115
(Amortization of debt)	(-383)	(-407)	(-515)	(-574)	(-526)

Already in 1983, borrowing by the Bank of Greece seems to be more or less earmarked for covering the principal and interest of the foreign debt. This is something, that, among other things, "makes it legitimate" for a competent "government source" to state that after borrowing 550 million dollars the country will not borrow other capital from international markets in 1984, while public enterprises assume the burden of any essentially new borrowing...

#### Greece in 15th Place In the List of Overindebted Countries

According to data provided by the Organization for Economic Cooperation and Development in cooperation with the Bank for International Settlements, Greece is included among 23 countries whose foreign debt is greater than 10 billion dollars (as of 30 June 1983). Indeed, Greece is in 15th place.

It should be noted that the 11.9 billion dollars of Greece's foreign debt do not constitute a negligible amount given the fact that countries having about the same foreign debt, such as Chile, Nigeria, the Philippines and Yugoslavia, have already found themselves in a difficult situation with regard to the servicing of their debts in the international banking system.

It is a fact that the Greek economy has not reached this point but this does not rule out the fact that the volume of debts has increased the sensitivity of the foreign payments sector.

Countries Whose Foreign Debt Surpassed 10 Billion  
Dollars at the end of June 1983

Χώρες (1)	(2) Συν. εξωτ. χρέος		
Αλγερία (3)	15,4 δις	Μεξικό (14)	65,1 •
Αργεντινή (4)	26,4 •	Νιγηρία (15)	12,0 •
Αυστραλία (5)	14,0 •	Νορβηγία (16)	12,3 •
Βραζιλία (6)	67,0 •	Φιλιππίνες (17)	10,7 •
Χιλή (7)	10,7 •	Πολωνία (18)	15,9 •
Αίγυπτος (8)	10,9 •	Πορτογαλία (19)	10,9 •
Ανατ. Γερμανία (9)	10,1 •	Σ. Αραβία (20)	11,2 •
Ελλάδα (10)	11,9 •	Ν. Αφρική (21)	16,8 •
Ινδονησία (11)	10,8 •	Ισπανία (22)	25,3 •
Ισραήλ (12)	14,6 •	ΕΣΣΔ (23)	28,8 •
Ν. Κορέα (13)	24,0 •	Βενεζουέλα (24)	24,2 •
		Γιουγκοσλαβία (25)	11,5 •
		Πηγή: OECD - BIS.	

(26)

Key:

1. Countries	10. Greece	19. Portugal
2. Total foreign debt	11. Indonesia	20. Saudi Arabia
3. Algeria	12. Israel	21. South Africa
4. Argentina	13. South Korea	22. Spain
5. Australia	14. Mexico	23. USSR
6. Brazil	15. Nigeria	24. Venezuela
7. Chile	16. Norway	25. Yugoslavia
8. Egypt	17. Philippines	26. Source
9. East Germany	18. Poland	

5671

CSO: 3521/292

## BETTER STANDARD OF LIVING SINCE 1974

Athens POLITIKA THEMATA in Greek 26 Jul 84 p 12

[Text] According to the EOP [Family Budget Research] results the average monthly expenses of a businessman's - employer's family total 72,000 drachmas, those of an employee's 56,000 drachmas and those of a self-employed professional's 44,000 drachmas. The different ways in which these 3 family categories spend their money is also significant.

More precisely, the businessman's family spends the least money - always in relation to its total expenses - for food in comparison to the other 2 while the self-employed spend the most. And while the self-employed is first in clothing and shoes expenses, he is followed by the businessman and the employee comes last. For his part, the employee spends the most on housing while the self-employed spends the least.

In the following table the share, out of 1,000 units, of these 3 types of families in the various expenses that make up their family budget can be clearly seen:

Categories of Expenses	Employers	Self-Employed	Salaried	Total
Food	300	359	325	324.4
Drinks - Tobacco	38	34	36	36.5
Clothing - Shoes	138	144	130	128.3
Housing	127	123	131	130.6
Durable and Immediate Consumption Goods	83	92	93	85.5
Health - Personal Hygiene	69	62	59	62.5
Training - Education - Entertainment	89	67	84	87.4
Transportation - Communications	140	103	127	130
Other	16	16	15	14.8
Total	1,000	1,000	1,000	1,000

On the basis of the Family Budget Research a new index of consumer prices (cost of living) has been compiled which is undoubtedly more representative since it reflects the consumption pattern of an average family during 1982, whereas the current one was based on 1974 data. The redistribution noted in the expenses of an average family in the last few years is particularly interesting.

To wit, the EOP proved that in 1982 we spent 32.44% of our family budget for food versus 35.5% in 1974. Also, for drinks and tobacco 3.65% versus 4.23%



for clothing and shoes 12.83% versus 11.94%, for housing 13.06% versus 13.27%, for durable consumer goods (furniture, household appliances etc.) 8.55% versus 7.87%, for health and personal hygiene 6.25% versus 4.85%, for training, education and entertainment 8.74% versus 8.19%, for transportation and communications 13% versus 12.4% and for miscellaneous goods and services (watches, jewellery, travelling commodities etc.) 1.48% versus 1.61%.

But there has also been a significant redistribution in the expenses of an average family for the various kinds of each item. Hence for bread, various dough products, pasta etc. 2.46% only were spent versus 2.83% in 1974, for meat 8.47% versus 9.47%, for sugar only 0.2% versus 0.6% and for coffee, cocoa and tea 0.41% versus 0.76%.

On the other hand eating out expenses have increased. More precisely, while in 1974 the share of this kind of expenditure in the family budget was only 3.18% in 1982 it reached 3.82%. This does not mean of course that we go more often to taverns and restaurants but is due on the one hand to the considerable increase in restaurant prices and on the other hand to the working conditions which have evolved and which compel many people to eat out at lunchtime and have only 1 meal a day at home.

The heavier burden on our family budget of vacation costs is particularly striking, as is also that of gas and lubrication for cars. In fact, vacation costs have doubled since their share has gone up from 1.2% in 1974 to 2.3% in 1984, while for fuels they have gone up from 2.74% to 4%. Our proportional expenses for chinaware, glassware and appliances have also risen significantly since their share in our expenses which was 0.55% has now reached 1.64%. We also spend more on medical and dental services whose share in our expenses has risen from 1.81% to 2.62%. Judging from the results of the Family Budget Research it can be said, without absolute certainty, that we lead healthier lives and that as far as our preferences are concerned our standard of living has improved: fewer cigarettes, fewer fats and oils, more money spent on entertainment, personal hygiene and house furnishings. Cars, of course, remain the scourge of our family budget since their purchase, use and maintenance cost us almost as much as the fruit and vegetables we consume.

12278

CSO: 3521/330

## RUDING ON BUDGET PROBLEMS, TAXES, INTEREST RATES

Amsterdam ELSEVIERS WEEKBLAD in Dutch 21 Jul 84 pp 12-13

[Interview with minister of finance, Onno Ruding, by correspondent Nico van Grieken: "It Is a Question of Expenditures Which Are Too High, Not Taxes Which Are Too Low"; date and place not given]

[Text] "I do not exclude that additional economies still will appear, in moderate amounts, that is certain..."

Well-bred, without raising his voice, friendly and at the same time firm about budget reduction, Dr H.O.C.R. Ruding (44), minister of finance in the Lubbers' cabinet, is master of The Hague political game involving billions of guilders, like a full professor, who has never done anything else.

Two months before Princess Day, something went wrong in the faultless government which prime minister, doctoral candidate Lubbers, had protected until then from too threatening a conflagration spreading.

So the cabinet seemed to be moving smoothly and quietly toward its second own state budget. However, suddenly a disturbance appeared at the quiet contest there at the Inner Court and the court pond in The Hague.

On Friday afternoon, 13 July, the bomb exploded. Lubbers' final bill for financial-economic government policy was up for discussion, but not for long. His minister of finance, former topman at AMRO [Amsterdam-Rotterdam Bank] Onno Ruding, made short work of the excessive expenditures, which according to the Dutch financial expert, threatened to go beyond all bounds.

The esteemed colleagues in the cabinet got exactly a month's reprieve from Ruding to revise or improve their homework. If that did not have the intended result, then tax relief for business would be reduced.

Accordingly Ruding enjoys the triumph of logic. "One must learn that once and for all in the Netherlands. A guilder comes in only once and is spent only once."

The minister of finance who, in the first months of this cabinet, must learn repeatedly that not the financial deficit, but the prime minister was his greatest problem, is sure, very sure about his facts. For he can count.

But Ruding can do more. He convinced the cabinet that a minister of finance is no longer worth the title, if he is willing to accept a deficit of several billion--the amount of the big and small items.

And consequently, he showed his teeth. It is now at least certain to assume that, as it is said so nicely, the total of public expenditures as a percentage of the national income will drop in the Netherlands.

Is it now going better with cabinet policy? So certainly if Ruding wins, so doubtful will it be for our natural gas profits, interest and the economies to be obtained from public servants and trend followers. Ruding says in defense of the cabinet and its members: "You must really believe me that the technical complication of something like the reorganization of social security is huge. And consequently it has taken a great deal of time."

#### Mirror

As regards cabinet policy for 1985, is tax relief really in doubt? And how hard does Ruding want to attack mothers on welfare. What is happening with natural gas prices and with the income of the perennial average man? Minister Ruding says the following about the mirror which he held before the cabinet Friday evening.

"What shook up many of them are the expenditures and the receipts. It is said that I can solve the problem of the expenditures, if I see to it that I get more taxation money, more receipts, which is a fundamental mistake. Many in The Hague make that error."

[Question] Even your colleagues?

[Answer] Yes, many in The Hague do. In the case of expenditures which are too high, you accordingly must not try to solve the problem, between quotation marks, by increasing taxation. You must seek the solution on the side where the problem lies, on the expenditure side.

A second lack of insight involves the cause of the unfavorable development on those expenditures. There are three main types. There are excessive expenditures which are regrettable, but unavoidable, such as the additional expenditure in the EG [European Community] budget. And there is the Oosterschelde. You can also lament that, but Mrs Smit nor I cannot do anything about it. Moreover, naturally something comes back in the economy from that. It is perhaps a bad form of job creation, but it is there. Finally then there are the additional losses in export credit insurance in weak countries. You can only complain about that.

The second category concerns economies which still must be achieved. Encroachments threaten to be made there partly through the action of the CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy] in the Second Chamber. Aside from that are the efforts of the PvdA [Labor Party] to undermine the policy on fundamental points. I think that something still must be done about that. At least that's the way I feel about it. The CDA took something off the 1 July package and the VVD came up with a motion on the WAO [Law on Labor Disability] area for next year. I do not agree with that.

Then there is a third category of it; the intensifications of policy. The new policy with additional expenditures. There is still nothing definite about this. The last category is tax relief.

Those are the four main items. Together that is a very large amount.

[Question] 2.7 billion guilders?

[Answer] Between 2.5 and 3 billion guilders. If I would agree to that--which I would not--the government's expenses would rise unacceptably.

[Question] Then that amount must be reduced?

[Answer] Yes, for essentially it involves expenditures which are too high and not taxes which are too low. But my answer is

not--and that is final--that nothing can be done about it. Let there be no misunderstanding about it. I give you a priority which is definitely possible, no, two, but we have discussed that enough.

#### Legal System

[Question] You began almost being generous.

[Answer] First: I give the green light mainly to measures to combat unemployment among youth. I do not mention amounts now. Second: Within limits I also have money for expenditures to improve the legal system, such as more cells, police stations and the judiciary.

[Question] Where are your limits?

[Answer] I do not give you them.

[Question] Does business still invest so little that you as a government are forced to appropriate money to combat unemployment among youth?

[Answer] Too little is still invested, but this is not connected with that. It involves here a group of school dropouts who must select a trade and especially be trained. The apprentice system in the Netherlands is dreadfully neglected compared with Germany.

[Question] If you do not accept 2.5 to 3 billion guilders in additional expenditures, tax relief is actually very unsettled.

[Answer] I say to my colleagues: Look once at the claims made on you. I think that they do not deserve that priority. So yes, then it is true that you can spend a guilder only once. Everyone in the Netherlands understands that, except some people in The Hague. Yes and you naturally create a sensation when you say--with a bleeding heart--that it perhaps is necessary not to carry out part of tax relief. One still forgets occasionally that tax relief has always been coupled with making room for it. Read the governing agreement.

This is consequently the message and the warning to all those who can do something on the expenditure side. Second Chamber and colleagues see to it that there is enough room to control expenditures. Then there is what also concerns me, enough room



for tax relief for business. I reluctantly place that tax relief on the scale. I fear that if I had not given the signal, we would not have been able to continue that drop in the expenditure side. I had thought that was a mistake.

#### Firm Line

[Question] Many in business now wonder whether the cabinet is keeping its promises or not.

[Answer] I regret very much that it must be so. But common sense allows me to follow a firm line..It is up to the colleagues, the Second Chamber and also society not to make continual demands for more expenditures. I throw the ball back. First do your homework once.

I also address the businessmen. If I may say that just once: businessmen who besides their criticism of The Hague also make their requests here regularly, for more subsidies and consequently more government expenditures. Yes, gentlemen, but then you lose the opportunity for tax relief.

[Question] Is it responsible policy to curtail tax relief?

[Answer] Curtailment is not under discussion. However, you balance that against other excessive expenditures. That is under discussion, but I consider that responsible. I only regret it.

[Question] Does one not mourn it?

[Answer] Tax relief is not a firm promise. It is an intention, not a bill which you quickly withdraw shortly before discussion.

[Question] It is a guideline which everyone naturally is going to follow.

[Answer] Yes, but if people do not listen...If one now feels involved that is due to the assumptions. One must not take it amiss.

[Question] Who then, well?

[Answer] Those other categories, which I mentioned.



## Welfare

[Question] The higher expenditures for welfare are a setback. That increase amounts to 350 million guilders. They are due, to a considerable extent, to more benefits to welfare mothers.

[Answer] Certainly something should be done about those increases. I consider it very justified to ask myself, in the case of such a sharp increase, whether that can take place without further ado. Is it reasonable that we spend so much money on that category, money which then unavoidably is lacking for categories, such as combating unemployment among youth?

That increase is not defensible. We must take measures there. Is it really justified to burden the state treasury every year with such a rapid increase. Certainly marry, yet divorce, certainly have children, not earn one's living, no or too little alimony from the former husband, both submit the bill exclusively to the state.

[Question] What do you then want to do about it?

[Answer] Apply more the maintenance law or liability for maintenance. Rap sharply on the table. Simply apply it. The law states it.

[Question] And that saves you 350 million guilders.

[Answer] It can have a substantial influence, just as with that individual wage subsidy. Indeed it is still a critical matter. Intervention was also justified there in 1983 when that increase was so explosive. That saved 100 million guilders per year.

[Question] You mean consequently that the occupational opportunities for divorced mothers using the welfare benefit must decrease.

[Answer] Yes, it is getting out of hand. And if you do nothing, there is no more money for genuine priorities.

[Question] Do you approve the economies of 9.6 or 9.2 billion? You also did not exclude coming up with additional economies?

[Answer] We will announce the exact amount on Princess Day. Minister Rietkerk of Home Affairs must finally also negotiate with the public service unions.

[Question] Is it justified in saving less than 9.6 billion?

[Answer] Yes, but with 9.2 that is enough, less is not possible.

[Question] Rietkerk must cough up about 2.5 billion. You certainly told him last Friday evening that he must stick with that?

[Answer] Naturally that happened. And I have no doubt about it, but if you ask me for a guarantee whether I get the amount intended in guilders, then I do not have that. In theory it is possible that parliament will nibble something off of it. However, I do not expect that. Consequently, no absolute certainty, but certainly a firm agreement with colleague Rietkerk. It is a reasonable package which he is submitting. We are striving not to apply any gross deductions, but to implement the economies, to a considerable extent through measures in the pension area. That is justified for pensions have increased too much compared with the workers' wages. If the public service unions do not make that possible, we will resort to gross reductions.

[Question] Minister Rietkerk has committed himself to your amount and honors that, just like last year. Genuine and open discussion whose outcome is not determined in advance, that is still the situation.

[Answer] Yes, I say that again.

[Question] Does the thought not disturb you that Rietkerk is trying to lead? Van der Scheur is already threatening measures.

[Answer] No.

[Question] A parliament which--you do not exclude that--nibbles at economies, will certainly realize that the state's debt problems are increasing and that the natural gas profits in 1986 threaten to drop about 4 to 6 billion guilders.

[Answer] Your observation is correct, they are very critical matters. They increase the need for the retrenchment policy.

[Question] Obviously unsatisfactory after you had shown the other members of the cabinet how, according to you, the financial-economic policy for 1985 must appear, must you impose additional homework on their Friday evening.

[Answer] But one has not undermined me and that was conceivable. On the contrary, they agreed with my view. I held up the mirror to everyone. They saw that the picture was not good. There is still a month to improve the policy for 1985.

[Question] An uncertain factor for your policy is also cheap natural gas. The Dutch now pay more for their own gas than the Belgians.

[Answer] That is an annoying matter. Natural gas profits are a very unstable basis for our economy. But we do not consider ourselves rich anymore. We now do what the SER [Social Economic Council] economists intended: reduce the financial deficit, just now the economic situation is still moderate. If natural gas should not come up to expectations, then you meanwhile have accumulated some reserve.

My figures already include that drop of 4 to 6 billion in natural gas profits in 1986. However, it is possible that something else will happen there, an unexpected drop in prices, for example.

[Question] As a result of the beginning competition between Dutch, Norwegian and Soviet Russian natural gas suppliers?

[Answer] That is a double reason to keep expenditures under control. The faster the financial deficit drops, the better our starting position is if natural gas does not come up to expectations. We must become less dependent on it.

[Question] Your answer amounts to saying that the price increase for natural gas usually goes through, in spite of the signs of increasing competition and an approaching price drop.

[Answer] It is my conviction that the expected increase of 3 percent per year--consequently the rate for the small consumer--must go through, as long as the rate is below the rate for home fuel oil. You understand well that the economy is sounder than 2 years ago, but it is still sick. An economy with a financial deficit of more than 10 percent is sick. You must not put any hot compresses on that. Increased taxation is such a compress.

[Question] Another uncertainty is economic growth.

[Answer] We have this year at least 2 percent. It will also be approximately 2 percent next year. That is certainly not bad. In order to come out of the misery in the long term, you would need a structural growth of at least 3 percent.

## Interest

[Question] What you also do not have under control is interest. No drop has appeared, so it seems. Moreover, you still must also contract bond loans.

[Answer] That fear is realistic on the short term.

[Question] That unfavorable development will hamper economic development.

[Answer] No doubt. A poor consolation is that our international interest stays relatively behind. It appears to be possible to isolate us from that high increase in interest in the United States and Great Britain with a strong foreign exchange and a domestic reorganization policy like in Germany.

Moreover, it shows how beneficial it is that we have not borrowed in a foreign exchange like dollars. The Belgians and the Danes have--I do not exaggerate--borrowed billions of dollars.

[Question] If a drop in interest has become improbable, it is perhaps still advisable to lower corporation taxation fully to 40 percent.

[Answer] A remark beforehand: We did more last year than we promised. We dropped not 4 but 5 percentage points. I never hear that story, but it is indeed so. As regards the extent of further reduction, that is still open. The drop also depends on the scope of farmers' legislation. Not everyone sees that connection, but that is the way it is. More for one is less for the other.

To be very honest, we are not out of that problem. It involves here that really insane German decision on monetary overcompensation for German farmers, a shameful decision. But how much must our farmers now get? Not as much as they would like, for we must well remember that other people, who also suffer disadvantages because of foreign decisions, do not always or never enjoy compensation.

[Question] You certainly make it hot for business. Tax relief is uncertain and also tax relief for this year was no success.

[Answer] The businessmen had rightly expected that tax relief this year would be at least 1.5 billion guilders. I recognize that this was not achieved. It is approximately 800 million guilders. One missed a year. I admit that. However on a cash

basis, the measures for 1984 and 1985 provided more than 1.5 billion guilders. Consequently business may complain, but it may not say that it does not come up to expectations structurally.

Question How is the income proportion for 1985?

Answer I hope--that depends, among other things on the CPB Central Planning Bureau figures in August and I do not yet know those--that the benefit improvement for everyone is somewhat more favorable. It appears justified to me that a group is treated as reasonably average next year. The net income differences between the minimum wage and average practically do not exist anymore. That difference is the lowest in the western world. That is very important for the labor market. What incentive is there than to work harder to get a degree. Therefore it appears justified to me to gradually create a greater difference between the minimum wage and the average wage. That can mean: no addition for the minimum wage and consequently an addition for the average.

Question Is the average also going up four times?

Answer Yes, but how much I do not know. I think that the improvement especially involves the middle and average groups. That naturally involves small differences.

Question Has Prime Minister Lubbers, in view of his final bill, interfered a great deal or too much with your budget policy recently?

Answer You may not express it so. Since the Den Uyl period prime ministers have played a more active role than only that of the chairman of the council of ministers. You know that the ministers are constitutionally independent. An advantage of the new situation is that there is a better unity of policy. The minister of finance benefits from that in many respects.

Question In that respect perhaps that Lubbers came up with a final bill.

Answer The chairman of the council of ministers comes up every year with a final bill.

#### Changes

Question But as minister of finance did you not have to come up with your own bill?



[Answer] The prime minister's proposal was obviously not a final bill. For the matter is not adopted that way. And that is very pleasant. So I throw the ball back. Only you yourself draw the conclusion. For what has finally happened? Who has finally submitted the changes?

[Question] You?

[Answer] Yes precisely. That is the way it is. It was otherwise last year because I accepted Lubbers' final bill. Now it was not good in all respects. And then the minister of finance clearly stated that. If things go well, you do not hear this minister of finance.

[Question] We are talking about billions. Can a conflict in August go so high that you do not agree with the policy view of the rest of the cabinet and that you draw conclusions from that?

[Answer] I do not exclude that in theory, but I do not expect it. I do not think that there will be much bloodshed. At the most a few pricks and you will not die from that. They have evaluated the matter mistakenly in The Hague. They thought that it was well organized. They do not understand how difficult it is to continue in the direction of a reduction of public expenditures. That is the heart of our discussions.

[Question] Are you reenlisting in 1986 in a future cabinet?

[Answer] Ugh! ...that is still far away. I am glad I go to bed every day in time, even if it is late. I do not think so far in advance. It pleases me the most and it is hard work. I like that but it definitely is not easy to continually urge people about the right way to go. Certainly not if that way is not easy.

[Question] Would you join a PvdA or CDA cabinet?

I find cooperation with the VVD satisfactory. I doubt whether cooperation with the PvdA is possible, certainly when you see that that party is so sharply divided internally in the financial-economic field. The party executive committee and the parliamentary group want different things. They have recently published documents, which fundamentally contradict each other.

8490  
CS0: 3614/107



## REVIEW OF IMF FAULT-FINDING WITH TURKISH ECONOMY

Istanbul CUMHURIYET in Turkish 7 Aug 84 pp 1,8

[Text] Ankara (CUMHURIYET BUREAU) - The IMF delegation which completed its inspection in Turkey almost 3 weeks ago and left for Washington because of the conflict that arose between the Ozal government and the International Monetary Fund (IMF) on the subject of: "The credit made available to the Treasury by the Central Bank, interest rates and the newly issued bonds," suddenly returned to Ankara yesterday.

It has been made known that between the Ozal government and the IMF delegation which came to Ankara last month in order to make the usual inspection there are disagreements on 3 specific points. The sources of the conflict are enumerated as follows:

Interest Rates: The IMF finds that price increases in Turkey exceed forecasts. It claims that interest rates lag behind prices. For that reason it demands an increase in interest rates. Whereas the Ozal government is unwilling, at least "for the time being," to raise interest rates any further.

Central Bank Credits: As in all agreements with the IMF, in the latest agreement the Ozal government signed with the IMF the credits to be made available to the public and the private sector are predetermined. Claiming that the Central Bank exceeded the limits set for credits the IMF says that the Central Bank has extended credits for amounts higher than the ones agreed upon and has thus "invalidated the agreement." Consequently a conflict has arisen between the IMF and the Ozal government regarding the "monetary policy" it follows.

Treasury Bonds: The third point about which the IMF has objections is related to the Treasury Bonds issued in July. The IMF is asking questions in connection with: "How they will be repaid without money being printed" when they mature. It is also asking how interest on the bonds will be met and it is claimed that government officials are unable to come up with a "clear answer."

The differences which have been summarized above arose during the usual inspection the IMF made in Ankara last month. However, when government officials stated that: "A solution will be found," the IMF delegation completed its inspection and returned to Washington. Subsequently, when there were no developments along the IMF lines, particularly regarding Central Bank credits and interest rates, the IMF postponed the credit instalment which was due.

Meanwhile the head of the Central Bank Research Division, Rustu Saracoglu, went to Washington to confer with the IMF in an attempt to resolve the conflict. At the end of the talks which lasted almost 10 days Saracoglu was unable to obtain any positive result.

Upon which the IMF delegation suddenly came to Ankara yesterday and began talks with government officials.

#### Pakdemirli

Treasury and Foreign Trade Councillor Professor Ekrem Pakdemirli declared that: "There is no problem whatever between us and the IMF."

Pakdemirli spoke as follows in answer to the CUMHURIYET correspondent's questions on developments stemming from the IMF's suspension of the \$60 million credit:

"No clear limits have been exceeded. Claims that monetary control is out of hand are untrue. There is no problem whatever between us and the IMF."

In reply to the question: "Was the \$60 million credit not suspended" Pakdemirli said: "I have answered your question. Is not the situation clear?"

#### Erdem

Government deputy and deputy Premier Kaya Erdem let it be known that work to determine monetary limits for the 2nd half of 1984 was still in progress and that consequently: "It is not possible to speak of exceeding limits which have not been set yet and of the IMF not allowing the withdrawal of the \$60 million credit."

According to a news item from the a.a. [Anatolian (news) Agency] Erdem stated that:

"At the beginning of January 1984 a 1 year agreement was signed with the International Monetary Fund (IMF). With that agreement monetary limits for the 1st 6-month period up to June 1984 were set, and it was agreed that the limits pertaining to the 2nd 6-month period would be determined in July.

Work to determine monetary quantities relative to the July to December 1984 period is in progress at the technical level. When at the end of July results on monetary quantities are available it has been decided that officials will meet in order to determine limits. 2 IMF experts who came yesterday will have the final contacts with our officials and the limits for the August to December 1984 period will be set. From that standpoint it is not possible to speak of exceeding limits which have not been set as yet and consequently of the IMF not allowing the withdrawal of the \$60 million credit."

12278

CSO: 3554/294

## MANUFACTURING SECTOR RECORDS ELEVATED CAPACITY USE

Istanbul DUNYA in Turkish 31 Jul 84 pp 1,7

[Text] In the manufacturing sector capacity use has risen to 61 percent at the end of 1983. Textile industry registered the highest rate of capacity use within the manufacturing sector which has recorded a sustained growth trend since the beginning of 1983. Raw material and energy shortages no longer account for underuse of capacity. Problems of financing and inadequate demand are seen nowadays as the main factors adversely affecting production.

It now appears that difficulties in procuring raw materials, which in previous years have largely accounted for underuse of capacity, have been resolved. Though there has been a "trend for the better" in capacity use during the last three years, problems related to finance and inadequate demand have largely accounted for the present difficulties in production.

The detailed results of a survey administered by the State Institute of Statistics is now available. The survey which called upon 2841 workplaces shows that 35 percent of the workplaces in the manufacturing sector operate at 60-79 percent capacity, while 20 percent work at 80-100 percent capacity. Further figures for the manufacturing sector are: 29 percent of workplaces operate at 40-59 capacity, and 16 percent below 39 percent capacity.

Capacity use in the manufacturing sector is 61 percent on average.

## Reasons Behind Capacity Underuse

Of those workplaces that were included in the survey 29 percent specified lack of domestic demand, and 11 percent lack of foreign demand as the most important factor accounting for the underuse of capacity, while 24 percent thought financing was the main factor. Shortages of raw materials and of energy are no longer the main factors. 12 percent of the workplaces questioned cited the shortage of domestic raw materials as having the single most adverse impact on production, while 6 percent cited the shortage of imported raw materials. Energy shortage was cited by 6 percent of the workplaces as the most unfavorable factor.

The sector most hit by lack of demand has been identified as those industries depending on stone and clay. Of the firms in this sector 35 percent cited lack of domestic demand and 8 percent lack of foreign demand as the main factor behind underuse of capacity.

Financing has emerged as the main cause of capacity underuse as indicated by the rise in the ratio of firms complaining of financing problems from 21 percent in 1980 to 24 percent in 1984.

#### Sectoral Differences

In the manufacturing sector highest utilization of capacity is seen in the textile industry, which has reached 66 percent capacity. In clothing this figure reaches 70 percent. In forestry products capacity use is 63 percent, in paper products and printing 64 percent, chemicals and plastics 61 percent, stone and clay 60 percent, raw metal 57 percent, metal products 61 percent.

61 percent of the workplaces in the porcelain industry and 28 percent in the pulp and paper products industry work at 80-100 percent capacity.

#### Developments After 1980

While there has been an overall improvement in capacity use during the last four years, the situation has improved in the public sector at a more rapid pace. At the end of 1983, capacity use in the public sector has reached 68 percent, and 43 percent of the workplaces in the public sector work at 80-100 percent capacity, 23 percent at 60-79 percent capacity, 14 percent at 40-59 percent capacity, and 20 percent below 39 percent capacity. The ratio of public sector workplaces working over 80 percent capacity increased from 17 percent in 1981 to 38 percent in 1982. The ratio of workplaces working over 80 percent capacity in the private sector, on the other hand, has been 8 percent in 1981, 13 percent in 1982, and 14 percent in 1983.

#### Capacity Use in the Manufacturing Sector

Years	Below 39 percent	40-59 percent	60-79 percent	80-100 percent
1981	26	39	28	7
1982	19	31	33	17
1983	16	29	35	20

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CSO: 3554/285

## BALIKESIR CHAMBER HEAD ON EXPORTS, INFLATION

Istanbul DUNYA in Turkish 31 Jul 84 p 3

[Text] Balikesir Chamber of Industry Chairman Rona Yircali stated that the decisions taken in relation to the 'law designed to protect the Turkish currency' have been quite successful despite the apprehensions expressed beforehand. Urging further extension of these measures, Yircali saw their continuation as highly beneficial.

In ensuring that exports rise to higher levels than previous years, measures need to be taken. Decreasing export credits are a cause for worry in this respect. If the issue is not resolved shortly it would be difficult to maintain present levels in exports, argued Yircali. He thought that the much talked-about issue of export fraud is somewhat overblown. As was the case with export rebates the issue has been wrongly handled, thus creating confusion in the public, and contradictory statements by public officials have thoroughly complicated the issue. In the process, many of our established and dynamic firms had their reputations tarnished. With regard to the ongoing process of opening up to the outside world and export-related activities, it would greatly help to maintain stable and mutually beneficial relations with the EEC. Our industrialisation policy should be geared to integration with the world economy through exports, Yircali emphasized. It is a welcome development to observe the increasing liberalization of the import regime, and the liberal attitudes behind that. They were happy to see the rapid elimination of shortcomings observed in the initial phase of the implementation.

## Fighting Inflation

Fighting inflation is an absolute necessity for the prosperity of the individuals and the country as a whole. As such one should be prepared to make all kinds of sacrifices together. Unemployment is a big problem, and investments may provide the solution. However, it may be difficult to strike a proper balance between inflation and investments. Yircali continued:



"If the present stagnation is to be mitigated without fuelling inflation, it is imperative that the state completes infrastructural investments in time. The government's investment incentives for Southern and Eastern Anatolia are quite appropriate. They should also be implemented in other backward regions of Anatolia. The unfinished investments should be completed. Shortage of funds is the main problem of our economy. The statements and decisions of the officials indicate that this situation is likely to continue for some time, while foreign funds seem to be available to some extent due to the increased standing of our country in the eyes of the international finance organisations. There is, however, a shortage of domestic currency. The decision to introduce exchange rate guarantees to the long- and medium-term foreign credits is a good and proper one."

Yircali made the following comments concerning the Seniority Recompensation Fund, which is topical these days:

"It will be possible to give due return to the workers for services rendered at the workplace, and to establish a guarantee for seniority payments. The heavy cost borne by the employers will be spread out to a number of years via premiums paid to a fund, thus alleviating the payment difficulties. In this way, the harmful consequences of paying a lump sum (which has even led to plant closings) will be done away with."

As Turkey is becoming industrialised it is necessary to make adjustments to world conditions. Pollution of the environment, air pollution, water and soil pollution and other measures for healthy living are fully endorsed by Yircali. In related problems that might arise between industry and local administrations, the enforcement of rules is largely dependent upon the existence of an infrastructure. Otherwise the matter will simply remain on paper.

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## SURVEY OF FLUCTUATING TAX VERSUS INFLATION BURDEN

Istanbul DUNYA in Turkish 31 Jul 84 pp 1,7

[Text] It has been established that the 53.1 percent inflation between May 83 and May 84 has led to a dwindling of real tax revenue despite a 27.1 percent average nominal rise, this being one of the many unfavorable effects of high inflation on the economy.

According to the Ministry of Finance and Customs data, during the first five-month period of this year (January-May) total tax revenues showed a 27.1 percent rise compared to same period last year, while the data from State Institute of Statistics indicate that the annual rate of inflation between May 83 and May 84 has been 53.1 percent.

Meanwhile there has been a drop in revenue from some of the tax items, while in others increases to the order of 150 percent have been observed. Due to the 15 percent tax earmarked for Co-op Housing Fund, revenues from various tax sources showed decreases: production tax on Monopoly products by 1 percent, banking and insurance transactions tax by 20 percent, and fuels customs tax by 35 percent. The increase in revenue occurred in the following items: fuels production tax by 168 percent, PTT services tax by 152 percent, and infringement tickets by 149 percent.

During the January-May period of this year (as compared to same period last year) revenues from production tax on Monopoly products dropped from TL 41 billion to TL 40.2 billion, banking and insurance transactions tax from TL 46.5 billion to TL 36.8 billion, fuels customs tax from TL 2.7 billion to TL 1.7 billion. During the same period, incomes tax revenue increased 26.8 percent from TL 324.8 billion to TL 412.4 billion, corporation tax has risen 43.2 percent from TL 60.9 billion to TL 87.2 billion, real estate tax by 34.2 percent from TL 10.7 billion to TL 14.3 billion, automotive vehicles tax by 16.2 percent from TL 2.7 billion to TL 3.2 billion.

During this period following increases in tax revenues occurred: income tax by 25.7 percent from TL 397.2 billion to TL 499.3 billion, wealth tax by 31.2 percent from TL 15.2 billion to TL 19.9 billion, taxes on goods by 23.5 percent from TL 94.3 billion to TL 116.6 billion, taxes on services by 9.8 percent from TL 104.1 billion to TL 114.3 billion, and taxes on external trade by 62.5 percent from TL 84 billion to TL 136 billion.

## ILICAK TAKES SERIOUS ISSUE WITH ECONOMIC OPTIMISM

Istanbul TERCUMAN in Turkish 31 Jul 84 pp 1,10

[Editorial by Nazli Ilıcak commenting on recent TV panel]

[Text] TRT brought some of our industrialists to the TV screen the other day, after having received the views of the representatives of various sectors on the economy last week. It is, however, somewhat difficult to join in the optimism exhibited by the industrialists under present circumstances. One would have expected the TV panel to fully expose the last five years' industrial recession for what it is, to investigate its causes, and that we would be told what conditions are required so as not to encounter the same situation once again. Turkey has been getting poorer during the last five years. The period of the Fourth Five-Year Plan (1978-83) has been one in which targets failed to materialize practically in all sectors. Of the 5.3 percent growth targeted in agriculture only 2.2 per cent has been realized. In industry results were even worse: the 1.8 percent growth fell far short of the targeted 9.9 percent.

The 'non-growing' Turkey has thus become poorer from one year to the next, and everyone has managed to get his share of this process of pauperization.

Worker, Public Employee, Tradesman, Industrialist

The real incomes of workers have been on the downward trend since 1978 (according to Social Security Organisation data). There seems to have been an improvement in the workers' purchasing power between the years 1972-78. From 1978 (inclusive) onwards however, the worker has been getting poorer.

The position of the public employee is not much different. The income of the high-level bureaucrat has been eroding to a greater extent, while the lower-level public employees have also received their share of pauperization. It might give a sufficient indication of the problem if we simply pointed out that 88 percent of the public employees receive salaries below TL 30,000, bearing in mind the current cost of living. While the public employees' situation improved somewhat during the 12 September era, it has not been possible to make up for the accumulated losses of previous years.

From 1978 onwards the terms of domestic trade moved against the agricultural sector, and the farmer has been able to buy less (agricultural input and goods) in exchange for his produce.

The stagnant market is a sufficient indicator of the tradesman's predicament without any further recourse to facts and figures.

As to the industrial sector, maintaining the existing plants going, or even liquidating or selling them is viewed as an indicator of success, let alone building new ones.

Given this general framework we are not prepared to be too optimistic.

Yazar

Union of Chambers Chairman Mehmet Yazar maintains (in a declaration printed in BULVAR) that the government has not been too successful in its policies, with the possible exception of exports. According to Yazar, the government has not been able to check inflation, the expected accumulation of bank deposits has not taken place, and high interest rates have been deterring investments, and increasing costs. Vacationing in Kemer, Yazar draws attention to the general inactivity in tourism, which had been quite hectic in previous years, adding that "the middle class can no longer afford to travel."

#### Exports and Industrialisation

We would like to say a couple of things about the 'success in exports' that Yazar is talking about. During the TV panel, industrialist Sarik Tara touched upon this issue saying that, "production may be important, but exporting our produce is even more important." This appears to us as a misguided approach. Actually, production is much more important than exports. A country that cannot produce cannot export either, after a while. Turkey's GNP is about \$50 billion. In terms of Western criteria it could export only 15 percent of this amount, that is, \$7.5 billion. How can a country, unable to increase its GNP, sell its goods outside without letting its people go hungry and naked?

Sarik Tara made a case for labor-intensive investments and using advanced technology. We used to think that advanced technology requires lesser amounts of labor. Turkish industry should employ advanced technology increasing its competitive power in the process, thus becoming prosperous, while at the same time opening up new areas for employment. Labor-intensive investment and advanced technology are two ideas that seem somewhat incompatible to us.

Businessman Sakip Sabanci advocated the 'industrialisation-based on-agriculture' formula. We share the view that "Turkey should process agricultural products and export them." But if what Sabanci means is that Turkey should remain as an agricultural country, and that its industry should be completely based upon agriculture, it is not possible to endorse that view. The value-added in cotton is 4 to 1, whereas it is 1000 to 1 in iron-steel. This is the sort of thing that Japanese miracles are made of.

Had we been able to publish our conversations with Suleyman Demirel, we would have been in a position to present the public, and the politicians and businessmen in particular (without entering into topical issues or forcing the bounds of law no. 2969), with a broad perspective that elaborates on issues like what Turkey should produce and how, when should it reach which targets. We would have been able to offer to public view a broad horizon, a comprehensive and in depth philosophy of industrialisation and the attainment of prosperity.

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CSO: 3554/286

## DOGAN LAUNCHES SCATHING ATTACK ON OZAL WAGE POLICY

Istanbul CUMHURIYET in Turkish 7 Aug 84 p 9

[Article by Yalcin Dogan in The Column "Comments": "Of Course There Are No Such Things as Shortages, Lines, A Black Market!...]

[Text] Are there any goods you are unable to find?.. Are there any goods for which you have to stand in line when you go out to the market to buy them? Is there anyone who covertly helps you to find a certain kind of merchandise?.. Have you seen such merchandise appear on the black market?..

Every kind of commodity is available on the market. No shortages, no lack! One cannot even speak of such a thing. Lines have been eliminated, the black market has disappeared. All goods are available!

But what about those who buy them? Well, their numbers decrease every day. Why are there no shortages, no lines, no black market anymore?..

This is the question that should be asked at a time when collective bargaining negotiation are about to begin for thousands of workers. The ANAP [Motherland Party] officials attempt to appear "successful" by saying: "Lines and the black market have been eliminated, shortages have ended." While the thousands of workers who sit to the collective bargaining table should put only one question regarding this "success" about which the government boasts: "Why?". This question exposes the guidelines of the "wage policy" followed in the last 4 years.

In the last few years wages were among the subjects most talked about. Most debated. Which regressed most, however. The real wages of 1980 remained on the level of 1963 wages. While in 1984 real wages remain below the level of 1972. Today the net average real wage is around 32 Turkish liras per day. And the wage for 1972 varied between 31 and 32 Turkish liras.

According to the figures of the State Statistics Institute prices increased 16 times between 1975 and 1984. Wage increases for the same period remained on the level of 9 times. Thus the difference between 16 times and 9 times is the net impoverishment of those who have to live on their salaries. The regression in their wages represents the decrease of their buying power (the real wage.)

Another fact emerged in the last few years. Such a regression in wages was also reflected on the cost of any kind of merchandise. That is costs, from the standpoint of wages, decreased. While the share of wages in overall costs was 15% in

1978 this share went down to 10% in 1984. Clearly, those who live by their toil "cost employers less."

True, the cost of energy, raw materials, credit has increased for employers. But in spite of this profits for 1983 - 84 increased by an average of 22 to 24%.

Just as negotiations for collective bargaining are about to begin another striking fact should be recalled:

In Turkey today there are nearly 11 million working people. Precisely 4 million 600 thousand of them are working for less than the minimum wage. A large number of those are working in agriculture. 7.5% of those who work for less than the minimum wage are employed in the sectors of services, 8% in construction and industry. However, among those who are industrialists, businessmen or have a liberal profession there is no one working for less than the minimum wage.

Of course lines disappear, of course every commodity is available. Of course there is no black market. Of course there is no lack, no shortage of any kind of goods. When the salaries that might have bought those goods regress thus, when the buying capacity decreases thus who will go out to the market?... Who will ask for this or that commodity?... Who will look for what merchandise?..

The policies at which the government points as being "successful" are the "tragedy" of the worker.

Undoubtedly, those who sit in the name of the workers at the collective bargaining table must be aware of this fact...

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CSO: 3554/294



## STRASBOURG REFINERY TO CEASE OPERATION AFTER AUGUST

Paris LES ECHOS in French 21 Jun 84 p 14

[Article by Philippe Moriniere]

[Text] The board of directors of the Strasbourg refinery has just decided to halt refining operations, effective 28 August. Supply deliveries have already been stopped, and the refinery is preparing to close for the summer vacation period, but this year it will not reopen.

This decision, which could have been foreseen for several months, still came as a surprise because of its abrupt nature. About 10 days ago the minister of industry, Laurent Fabius, while responding to oral questions in the Assembly, said that no decision had yet been made. Moreover, no consultations between labor and management and with local elected officials were held.

The Strasbourg refinery is one of the last refineries which does not have a conversion plant enabling it to process heavy petroleum products for use as fuels and "medium cuts." So it is theoretically incapable of meeting the needs of the French market, considering the present surplus refining capacity. However, for the market in eastern France, southern Germany, and Switzerland, its closing will mean a shortage of petroleum products calculated at about 1 million tons.

For the Reichstett Refinery, operated by the CRR [Rhine Refining Company], will not be able to process enough crude to supply the Swiss market, which has a deficit, and the asphalt export market (the Strasbourg refinery now ships half of France's asphalt exports). In order to provide supplies for eastern France, it seems that it will be necessary to use the NATO pipeline to send white petroleum products up from Lavera.

The Strasbourg refinery at Herrlisheim is operated by three groups of stockholders: the CFP-CFR [French Petroleum Company-French Refining Company?], Elf, and BP. Each owns one-third. The ReichstettRefinery is owned 85 percent by Shell France. Elf also owns 10 percent. Negotiations are now in progress with the CFR, BP, and Fina for the transfer of part of the CRR capital held by Shell France in order to enable these companies to handle deliveries to their distribution network in eastern France.

The Strasbourg refinery employs 300 people, but about 1,000 jobs are indirectly dependent on it. Before the decision to close was made, the prefect Rouviere, commissioner of the republic for the Alsace region, had decided to convene a round table with the regional partners and the oil companies to consider possibilities for modernizing the Herrlisheim facilities. Some thought was being given to a coke production plant, which the ministry of industry would like to build in France. People may well wonder whether the oil companies' haste in announcing their decision might not have been motivated by their embarrassment at having to put under study proposals for a partial reconversion which would have entailed very large investments.

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CSO: 3519/451

## BRIEFS

REFINERIES SUFFER LOSSES--"Can we deliberately sacrifice a large and thriving industry to an indexation policy?" Francois Bizard, president of the UCSIP [Union of Petroleum Industry Associations], queried anxiously yesterday evening. The refining industry's losses are now close to 4 billion francs just for the first half of this year, a figure equivalent to their losses for all of 1983. The situation resulted after the government modified the operation of the automatic price-setting formula. If the formula had been left alone, the losses would have been reduced, according to Mr Bizard, by 1.5 billion last year and by 1 billion in the first half of 1984. This economic downturn is not the only reason why the French refiners are concerned. They view with just as much fear competition from other forms of energy, supported by a very intensive publicity campaign. Faced with the current need to sell more gas and electricity, the UCSIP president spoke of the risk of a "complete rigidification in energy supplies, and of an excessive limitation of the diversity of energy sources." Mr Bizard feels that the place reserved for petroleum products in the French energy balance is "very close to what seems to be a minimum level." The petroleum industry representatives do not intend to sit back and do nothing to combat this competition. Along with the retailers, they have set up an association to promote the use of oil for household heating. If the government gives its approval, an information campaign will start this fall. Another immediate concern is the disappearance of lead from gasoline. "An average octane rating of 94.5 for unleaded fuels is just as far as refining can go economically," said Mr Bizard. Concerning its recent proposals, the industry is making an effort to enlist support from automobile manufacturers. A month ago, an octane level of 94 was proposed. But it is still not certain whether Peugeot and Renault will be satisfied with this half-point gain. [Text] [Paris LES ECHOS in French 28 Jun 84 p 7] 7679

CSO: 3519/451

## COMPETING ENERGY, ENVIRONMENT INTERESTS IN 1985 ELECTION

Oslo AFTENPOSTEN in Norwegian 11 Aug 84 p 3

[Article by Morten Malmo]

[Text Growth versus conservation. This classic statement of the problem will have a central position in the months leading up to next year's election. Vital energy issues are lined up: development of the rivers, the energy report, an action plan for energy savings and vital oil issues. Oil and Energy Minister Kare Kristiansen will find himself in very stormy waters. He will have to live with partisan conflicts and environmentalist attacks. The environmentalists are preparing to dig in and they will make the election year a "hot" one for the government precisely at a time when new growth and more jobs are emerging as vital and superordinate political goals.

The conflict over the Etna/Dokka development shows that such matters can be very difficult. Although the government cleared the transfer of Etna to Dokka--a development that would provide 0.77 Twh--the plans ran into resistance from the Center Party. The environmental organizations also registered their opposition. The government will soon present its Storting bill and the discussion in Storting will show how much the nonsocialist cooperation will split at the seams. It will also test the nerves of the nonsocialists when the environmental lobbyists knock on the door of the Energy and Industrial Affairs Committee's meeting room.

#### Development

Before Storting went on its summer vacation this year, it was decided to develop the Jostedal River with the exception of the area around Fabergstolene. The "Stryn" part of this development is having its turn in the political discussion process and the environmentalists have also registered their opposition here. This is also the case with the Svartisen/Saltfjellet development. Although Norway's Hydroelectric Agency has decided that Saltdal River itself will be exempt, that is obviously not enough to soothe the environmentalists. They also want the Beiarn River and the so-called North Rana river system protected--in addition to protecting the river system on the Glomfjord side. And the Agricultural Ministry and the Environmental Affairs Ministry will also have something to say in this matter, partly because this

development conflicts with national park plans. The government's desire to guarantee sufficient power for businesses and households stands in conflict with environmental interests. New growth, new production and more jobs depend on this in the view of the experts who have documented future needs in their projections.

### Savings

Environmentalists, on the other hand, say that energy savings can provide the power that is needed and thus there is great anticipation with regard to the government's Storting report on energy savings and a related plan of action which is scheduled for presentation soon.

The energy savings report and the plan of action are expected to be quite concrete in nature. Both the Labor Party and several representatives of government parties have called for concrete proposals in the parliamentary session that has just ended. If there are not enough proposals, Kristiansen will be put through the wringer.

### Unified Plan

In addition the so-called "Unified Plan for River Systems" and "Conservation Plan 3" will be released early next year. The unified plan, which is being promoted by the Environmental Affairs Ministry, is strictly speaking not a development proposal but it contains a list of development projects--ranging from the least controversial to the most controversial. The conservation plan, however, will contain a list of river systems that should be preserved. Along with these two documents, the government's energy report will be coming out after New Year's Day and this will discuss energy in all its ramifications, including possible alternative sources of energy.

### Fateful Year

Environmental consultant Tore Rolf Lund who works for the Norwegian Tourist Associations' League told the NTB news agency that 1985 will be a fateful year for conservation in Norway and Thor Midteng, who deals with these issues for the Norwegian Conservation League, told AFTENPOSTEN he agrees with this assessment. Midteng also stressed the energy savings aspect and said that power can be acquired more cheaply in this way than through new developments.

### Other Projects

In addition to the individual projects mentioned here, in the months ahead the government will propose smaller power projects, for example the expansion of the Stuvane Power Plant in Laerdal and an expansion under the auspices of the Mel Power Plant in Sogn og Fjordane. Together these two projects will provide a little over 300 Gwh. The Oil and Energy Ministry will also propose "refurbishing" power plants in Kvam, Kallestad, Hummelfoss and Fossmark. None of the last four projects or the preceding expansion projects is considered to be especially controversial.



## Oil Dispute

The debate on the reorganization of Statoil will come up in Storting this fall, based on the report presented by the Energy and Industrial Affairs Committee. The big "Statoil compromise" will finally be confirmed then. As we know both the government parties and the opposition have agreed on what they agree on and what they do not when it comes to Statoil's future.

Something there is disagreement on is the division between Statoil and the state when it comes to revenues from the various oil and gas fields. The government will present its proposal in the fall but it is already clear in this context that the Labor Party will have a friendlier attitude toward Statoil than the government. The Labor Party almost succeeded in creating a split in government party ranks in the work on the Statoil compromise and will undoubtedly try a new round of "divide and conquer" tactics when revenue distribution at the various fields must be approved by Storting.

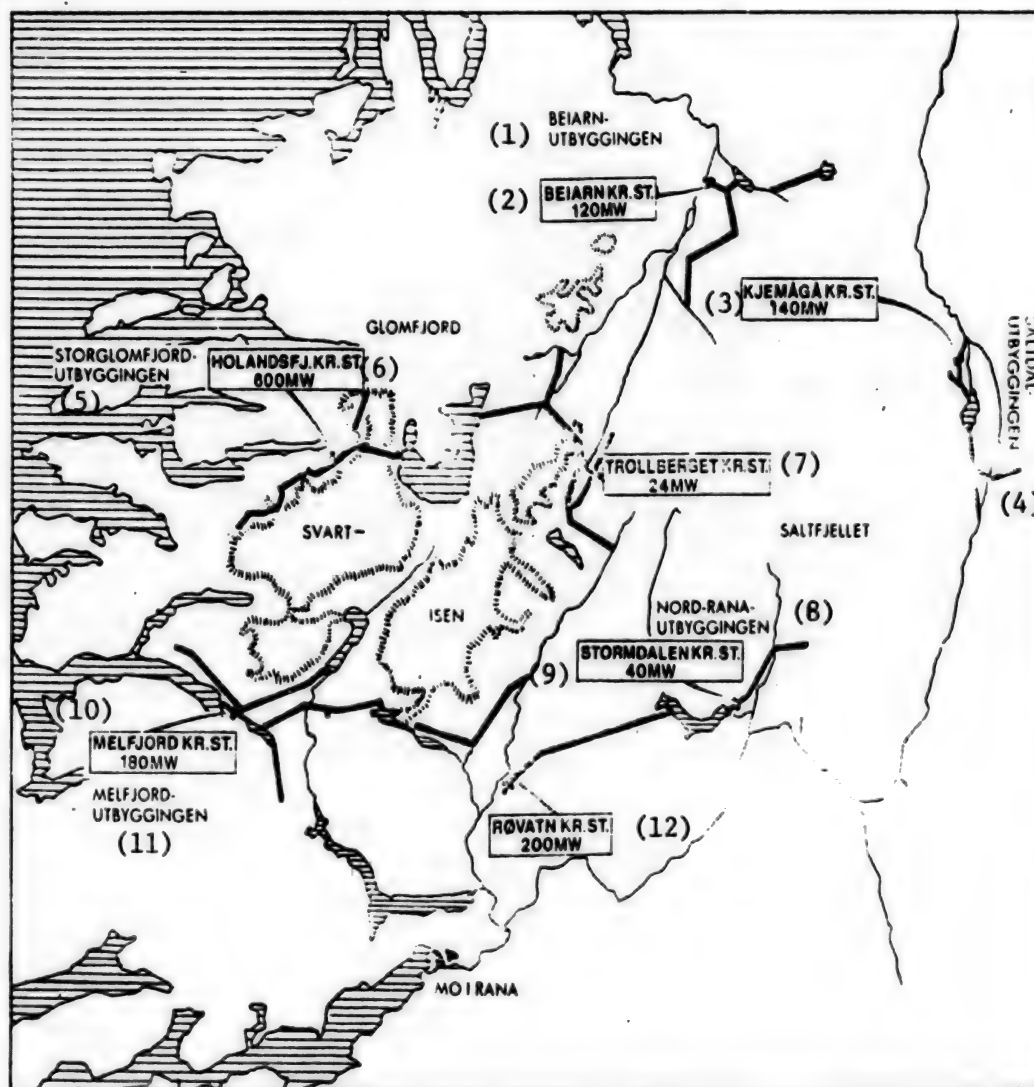
Another possible conflict involves Statoil's plans for 1985 which will be presented in the fall. An annual report that this time will include plans for Statoil's involvement abroad and we will also get a new round on who should have operating responsibility for the big Statfjord field. Will it continue to be Mobil or will it be Statoil which has an option to take over when the field has started producing properly? The government's answer will be presented in November.

## Sleipner

Expansion of the Sleipner field will soon come up in Storting, but when Storting gets to decide depends on when talks between Statoil and the British Gas Corporation on the sale of the Sleipner gas can finally be concluded. Here our oil politicians must also anticipate visits by many municipal delegations because this matter also involves the location of land-based oil activity associated with the Sleipner expansion, namely the location of the operating organization, base and pipeline company.

The biggest and perhaps most wide-ranging oil issue before the election will be the government's so-called "tempo report," which is part of the long-awaited forecast of the prospects for the oil sector in the years ahead. How much of the underseas oil and gas should Norway extract at any given time? Should we use the oil revenues as they come in or should some of the money be placed in a special "oil fund," as proposed by director Hermod Skanland of the Bank of Norway? The debate will answer these questions and as far as we know the government will not give any concrete figures concerning desirable future oil production in its report. They want to get away from the "numbers hocus pocus" of recent years and instead see the oil sector in connection with other economic activity in this country. A "moderate production tempo" will probably run through the moves of all the parties on this issue, but in spite of this there will probably be differences of opinion in government party ranks. It is not yet clear whether Skanland will get his "oil fund," but the idea is far from having been abandoned, AFTENPOSTEN has learned.





In 1978 the state power plants submitted their proposal for development of Saltfjellet/Svartisen.

Key:

- |                               |                           |
|-------------------------------|---------------------------|
| 1. Beiarn development         | 7. Trollberg power plant  |
| 2. Beiarn power plant         | 8. North Rana development |
| 3. Kjemaga power plant        | 9. Stormdal power plant   |
| 4. Saltdal development        | 10. Melfjord power plant  |
| 5. Stor Glomfjord development | 11. Melfjord development  |
| 6. Hollandsfjord power plant  | 12. Rovatn power plant    |

6578

CSO: 3639/150

## HALTENBANKEN GAS RESERVES PUT AT TWICE ORIGINAL ESTIMATES

Oslo AFTENPOSTEN in Norwegian 1 Aug 84 p 6

[Article by Morten Woldsdal: "Estimate of Gas Reserves on Haltenbanken Doubled"]

[Text] There is much more gas on Haltenbanken [Halten Bank] off the coast of Central Norway than the Oil Directorate estimated earlier. The directorate has now more than doubled estimates of gas reserves in the area, Oil Directorate Deputy Director Egil Bergsager reports to AFTENPOSTEN. The considerable upward adjustment of reserves concerns the two blocks on Haltenbanken where Saga Petroleum found gas earlier--blocks 6507/11 and 6407/2.

The Oil Directorate up to now estimated the gas reserves in these two blocks to equal 40 million tons of oil units. According to the directorate's last estimate, there are over 100 million tons of oil units in these gas blocks.

This is more than double Statoil's Askeladden find on the Tromsø Ice Floe--or equivalent to half the Frigg field in the North Sea.

The reason that the Oil Directorate has now made a considerable upward adjustment of gas reserves on Haltenbanken is a study made recently by Saga Petroleum. In this study Saga increases its estimates of reserves in the two blocks in question to 120 million tons of oil units.

"We have evaluated Saga's study together with the results of new drilling and new seismic tests. In light of this, we reached a new reserve estimate which is approximately of the same order of magnitude as Saga's new figure," Deputy Director Bergsager reports. However, he says that the directorate is not operating with quite so high an estimate as Saga's 120 million tons, but that this is not very important.

The Oil Directorate's new reserve estimate comes at the same time as it seems more and more clear that the A/S Norske Shell oil company has made an oil find in block 6407/7 a little farther south on Haltenbanken.

This well, combined with the new reserve estimates, will quite clearly increase considerably the interest of oil companies in the coming ninth Norwegian rights round.

In addition to the gas Saga has found on Haltenbanken and the find Shell has most likely made, it is just Statoil which earlier found anything of significance in the area. Statoil's Tyrihans oil find contains around 50 million tons of oil units.

Deputy Director Egil Bergsager emphasizes that here it is a question of significant amounts of oil and gas. The area is, according to him, very promising.

However, Bergsager points out that still hardly enough has been found on Haltenbanken to be able to justify any development. "In order to have development as fast as possible on Haltenbanken, especially more oil must be found," he says.

Egil Bergsager emphasizes that the Oil Directorate views Haltenbanken as a very promising area where there are good possibilities of making new finds.

#### Gratifying Estimate

"The new reserve estimates for the Oil Directorate confirm that enough gas has been found on Haltenbanken to justify profitable development," Fylkesting [county chief administrative body] Chairman Lars Ramstad of Møre and Romsdal tells AFTENPOSTEN. Ramstad is also chairman of the Central Norway Oil Council.

He stresses that Statoil's Tyrihans oil find together with signals that Shell has found oil also obviously demonstrate that development on Haltenbanken should be carried out now.

In addition, Ramstad characterizes the Oil Directorate's new reserve estimate as very gratifying. "However, the figures are no surprise to us. We all the time figured that the estimates of gas reserves on Haltenbanken have been too modest," Fylkesting Chairman Ramstad says.

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CSO: 3639/144

## BRIEFS

HIGHER NORWEGIAN OIL PRODUCTION--Oil and gas production on the Norwegian continental shelf has been considerably higher up to now this year than during the corresponding period last year. As of 1 July, 31.3 million tons of oil units had been produced on the Norwegian shelf, which is a new semiannual record. The corresponding figures for 1983 were 27.2 million tons of oil units. The reason for the big production increase is first and foremost that the Statfjord field is producing much more oil than planned. [Text] [Oslo AFTENPOSTEN in Norwegian 1 Aug 84 p 6] 8985

CSO: 3639/144

## NATIONAL ENERGY PLAN CALLS FOR NUCLEAR DECISION IN 1990

Lisbon EXPRESSO in Portuguese 21 Jul 84 p 8

[Article by economist Cristina Martins]

[Excerpts] The revised National Energy Plan [PEN]--finally completed--indicates that nuclear power as an option does not correspond to the conclusions in PEN 84. Those in power at the end of this decade will be the ones to say "yes" or "no" to nuclear power. For once (and despite an extraordinary opinion issued last April by the secretary of state for energy), it seems that economic rationality and political deontology may coincide.

Revision of the National Energy Plan has finally been completed. At the end of last year, we expressed our misgivings about a revision that was not being made, while the minister of industry and energy was invoking a pseudorevision to persuade the government to make irreversible decisions--the chief one being the decision to generate electricity from nuclear sources.

Events began to speed up in January, and the body responsible for drawing up the PEN (moved, perhaps, by the concern of the citizens as reflected in the press) began a serious review of the foundations underlying PEN 82. Its work consisted partly of reformulating the socioeconomic scenarios (to make them more credible in the light of current economic conditions) and partly of agreeing to take into account the criticisms advanced by many experts, particularly in connection with the cost of production per kwh in a nuclear plant and a coal-fired plant.

As a result, PEN 84 foresees growth for the Portuguese economy that will be more moderate and qualitatively different--that is, based less on the development of industries consuming large quantities of energy. In terms of energy, the new scenarios allow for slower growth in energy requirements in general and in electricity requirements in particular, at least through the year 2000.

Nuclear Power: Yes or No in 1990

As far as the "burning issue" in the Energy Plan is concerned--the decision on whether or not to introduce nuclear power--planning officials paid some attention ("nobody is perfect") to the available data (chiefly those provided by the

"unimpeachable" International Atomic Energy Agency) concerning the investment costs and real productivity of nuclear reactors. We still feel that the figures adopted are optimistic, but at least they are now within the realm of the possible, whereas those included in PEN 82 were pure fantasy.

Coal, which is the chief alternative to nuclear power, is still not being favored (because, for example, of the high base price of coal, which is a reflection more of the unfortunate contracts signed by the EDP [Portuguese Electric Company] and the Kafkaesque problem of port facilities than of the international fuel situation), but the refereeing is no longer as one-sided as it was. It can be said that in PEN 82, the referee was recording the goals made by the nuclear team, but now he is merely refraining from calling penalties for the fouls it commits in its penalty area.

The result of those changes is that with the values adopted, nuclear power and coal are in a zone of economic indifference: in the two reference strategies contemplated in the PEN, one (ER-1) considers nuclear power to be cheaper, while the other (ER-2) regards coal as being the least expensive solution.

In view of that uncertainty, and considering that slower growth in electricity consumption will make it possible to meet requirements through the year 2000 with the electricity-generating system already planned, an obvious conclusion in PEN 84 is that we can safely postpone the final decision on whether to invest in our first nuclear reactor until 1990. Postponement means that deciding whether to say "yes" or "no" to nuclear power will be up to whoever is in power at that time.

To borrow an expression used by Mario Soares, the conclusions in PEN 84 make it possible to "bide our time"--and postponing such expensive investments for 5 years means saving money as well as gaining time. The desirable thing would have been for the minister of industry and energy to present his colleagues with the real conclusions in PEN 84 rather than some "apocryphal" document like the one presented to the Council of Ministers last February--a document which we prefer to think was the work of a few incompetent associates and not an expression of the minister's wishes.

#### Extraordinary Opinion

The TV series "The Loved One" tells the story of a colonel who wanted a cemetery at all costs. Our hope was that in Portugal, there would not be some "colonel" wanting a nuclear power plant at all costs. Unfortunately, the "extraordinary" happened in the form of an opinion issued by the secretary of state for energy on 25 April 1984. That opinion seems to have proceeded more from "Odorico's logic" than from the thinking of a responsible politician.

In his statement of opinion, the secretary of state had decided, implicitly and explicitly, that:

1. The country's economic development "will have to be" as outlined in the most favorable scenario suggested by the DCP (Central Planning Department).



2. In every case, price developments with respect to chemical energy products and equipment for electricity-generating centers "will have to be" those most favorable to nuclear power.

3. The economy will experience no problems in gaining access to the international capital market in the future, nor will there be any limitations on the public sector's investment capacity. This makes it possible to allow for price increases of 10 percent, or very close to the minimum values suggested by the DCP.

So all the uncertainties concerning the future--very explicit in the PEN's various chapters--have disappeared by decision of a government official. That being the case, it is hard to understand why some people are advocating an austerity policy when one ruler can decide by writ that the Portuguese are going to be living in the best of all possible worlds.

The Council of Ministers already had a sufficient number of conclusions on which to base a calm choice among all the possible options. Now, as a result of this intervention--like a "deus ex machina"--by the secretary of state for energy, the government has the option of evaluating the choice of one of its members--or stripping him of his authority.

But how can the minister of finance and planning support the sole choice of scenario 1 when his secretary of state for planning has submitted an opinion in which he writes: "...consideration of all these possibilities confers a somewhat maximalist character on scenario 1.... As we have said, it is hard to accept it as a viable model of development"?

And how can intelligent readers (which the ministers are) of the various documents making up the PEN agree with the statement by the secretary of state for energy (in point d) of his opinion): "...the utilization of uranium for generating electricity appears necessary in the strategies analyzed"?

#### Economic Rationality and Political Deontology

Anyone reading the PEN (and more especially its appendix VII, figures 2 and 3) will see that in the case of ER-2, nuclear power is spectacularly more expensive than coal when it comes to generating electricity.

That being the case, can this government, in a period of austerity (in which the appropriateness of investing every escudo must be judiciously examined), decide to reduce the range of possible socioeconomic, technological, and financial developments to a purely arbitrary point?

The choice reflects an a priori intention to introduce nuclear power. The maximalist hypotheses that have been adopted may lead to overcapacity in the energy production sector and, more particularly, in the electricity-generating system, which alone will absorb 75 percent of all investments in the energy sector. However, it must be noted that electricity will supply only 20 percent of the final energy requirements in the year 2010.

PEN 84 is a considerably improved version of PEN 82, and overall, it enables the government to make a certain number of clear choices: the introduction of natural gas, greater use of coal, development of the use of renewable energy sources, an energy conservation policy, and so on.

At the moment, nuclear power is not an option reflecting the conclusions in PEN 84. Those in power at the end of this decade will be the ones who must take responsibility for making the choice--for saying "yes" or "no" to nuclear power. For once, economic rationality may coincide with political deontology.

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## PETROGAL OIL RESERVES, INDUSTRIAL ACTIVITIES REPORTED

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jul 84 p 5

[Text] The chairman of the PETROGAL [Portuguese Petroleum Company] board of directors has said in Matosinhos: "Portugal can hold out perfectly well for 90 days without buying crude oil from any country."

He added: "Our country has stocks of crude oil totaling 60 million contos, and if the war in the Persian Gulf forces a halt to shipping, we have 10 or 12 alternative sources to which we can turn."

Pires de Miranda was speaking at a press conference at the PETROGAL refinery in Leca da Palmeira, Matosinhos. He was reporting on the enterprise's condition and also presenting the new lubricant unit.

He emphasized: "Every country must possess a strategic petroleum reserve. It is a matter of an indispensable political decision."

After stressing that PETROGAL produces 1 million contos worth of products every day, Pires de Miranda said that "one-third of the General State Budget depends on this enterprise for its funds."

He said: "With 100 percent of its capital owned by the state, the enterprise has in the government a stockholder that has not interfered in its management except in the case of investments."

Pires de Miranda emphasized: "PETROGAL's exports in 1985 will total about 45 million contos, and that will make it Portugal's largest exporting firm."

He emphasized: "Its financial condition is healthy, but things remain to be done in the marketing and industrial areas."

According to PETROGAL's chairman, "this enterprise produces over 4 million tons of fuel oil and gasoline every year and also manufactures all the lubricating oils consumed in our country."

He said: "PETROGAL will export 30,000 tons of lubricants and 2,500 tons of paraffin in 1985."

Concerning the cost of gasoline and gas oil--among the most expensive in the world--he said that on the other hand, Portugal has extremely inexpensive fuel oil on the market.

The chairman of the firm's board of directors emphasized: "The 23 million contos owed to PETROGAL by state-owned enterprises will be paid."

According to Pires de Miranda, PETROGAL sells its customers raw materials on 60-day terms, and since it produces 1 million contos worth every day, it will receive 60 million contos within that period, "so 23 million is not very significant."

He recalled: "In 1983 our exports totaled \$180 million, and in 1984 they will total \$220 million."

Concerning the investments to be made in the firm's refineries, Pires de Miranda said that "the major investments have been made, and they will have to be completed this year because the firm is equipped to supply our market and is now turning to exports."

The government businessman said: "Poverty is the greatest of all existing forms of pollution," and he announced: "PETROGAL has not caused any damage so far in terms of pollution."

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## BRIEFS

OIL IMPORTS, AFRICAN TRADE--For the period from January through May 1984, the deficit in our trade balance totaled 176.1 million contos, reflecting 462.9 million contos in CIF imports and 286.8 million contos in FOB exports. Contributing significantly to that deficit, which was 0.18 percent higher than in the same period of 1983, were imports of crude oil (106.3 million contos), cereals (34.2 million contos), and raw cotton (20.9 million contos). Those three items accounted for about 34.9 percent of the total value of imports. In absolute values, our most sizable African trade was with Angola (738,000 contos in imports and 8,626,000 contos in exports) and Mozambique (481,000 contos in purchases and 2,998,000 contos in sales). Those values represent about 79 percent of our imports from and 88 percent of our exports to that economic zone. [Excerpts] [Lisbon TEMPO in Portuguese 19 Jul 84 p 25] 11798

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## NORDIC COUNTRIES COOPERATING TO PROMOTE ISLAND PLANT LIFE

Copenhagen BERLINGSKE AFTEN in Danish 27 Jul 84 - 2 Aug 84 p 7

[Article by Hans J. Poulsen: "Scandinavian Cooperation for Plant Survival: Greenland to Be Made Greener"]

[Text] Plant genes have been systematized on a Scandinavian basis. Hardy, resistant varieties of seeds and other vegetative material are being deposited for hundreds of years for our successors so that neither crop failures, war nor other damage can result in the fact that plants worth preserving perish for good. With a special gene bank in Lund as an intermediary, Greenland is taking part in an experiment which aims at cross-breeding Scandinavian grass species into a variety which can make Greenland greener. And give sheep breeding a push ahead.

Greenland; summer, 1984. Dry land is one of those expressions which has not really gained a foothold in the Greenlandic language. Land in Greenland is an item as scarce as oars in the Sahara. Eighty-five percent of the total land area is covered by the inland ice, and the rest is bare rock. In Greenland you have to look around yourself well in order to be able to understand why the country has in its name one of the colors from the optimistic part of the spectrum.

But on top of what geologists call the Precambrian bedrock shield, one sees in places in the southwestern part of Greenland some scattered green spots which shine among bluish fjords and snowclad peaks. Here ingrained theories that it is in vain in Greenland to get any plants whatever to grow are contradicted.

If these green fields are joined in patchwork fashion and literally all the bits and pieces are included, one gets a unit of area equivalent to 900 hectares. This is the size of the tillable land area on the world's largest island. The green areas are used chiefly for sheep raising, but in individual places the plow has turned the soil, which then has been transformed into a barley field. Or perhaps a vegetable garden has been established with rhubarb, carrots, parsley and lettuce. The summer is short in Greenland, but hectic, and what can be grown in modest quantities grows quickly, because there is daylight round the clock during the growing period. And the sun has enormous strength in the summer months when it shines at these latitudes.



## Project Nordgraes [Scandinavian Grass]

The most important of all is the grass, for it provides food for flocks of sheep and thereby an existence basis for the growing number of sheep raisers who for the present have been helped along the way by an EC subsidy for 15 sheep breeding establishments. To be sure, Greenland has withdrawn from EC, but the 6-figure subsidy in the OLT [expansion unknown] transition arrangement is not to be disdained!

For the present most of the winter feed is imported and it is expensive for breeders. If the point could be reached whereby the grass acreage can be improved and expanded so that breeders will be more or less self-supplying with feed year round, a nice bit of progress would have been made in regional development in this harsh part of the world, where, however, the Gulf Stream warms with its presence.

On the Scandinavian plane a cooperation project has been started which is to contribute to making Greenland greener and providing room for perhaps twice as many sheep as the 23,000 there are at the moment. The project is called Nordgraes [Scandinavian Grass], which Finland, Norway, Iceland, Sweden and Greenland are cooperating in. The prime goal of the project is to develop a Scandinavian variety of grass which represents a cross of the most suitable properties of various species of grass, which will thrive under the special climatic conditions. A gene splice between plants.

## Scandinavian Gene Bank for Vegetation

Cooperation in the plant science respect, which not only Greenland but all of Scandinavia can profit by, is under way in the realm of Scandinavia in another respect, too.

It is taking place in Lund in Sweden, where the Scandinavian Gene Bank, NGB, has been in operation since it was established in 1979 as a common Scandinavian institution under the Scandinavian Council of Ministers. It is being operated under a cooperative agreement between Denmark, Finland, Iceland, Norway and Sweden. NGB's purpose is to preserve and document the genetic variation in all valuable plant material for agriculture and horticulture in Scandinavia.

The material is preserved as seeds or as vegetative material all according to species. At the present, 7000 seed specimens, which have been cooled down to minus 18 degrees, whereby they will remain resistant to bacterial and fungal diseases, are being stored in Lund.

Botanists and other researchers are worried about the heavy specialization which has taken place in plant varieties. The variety of types has been replaced by pronounced homogeneity. This has its advantages, for example, with regard to a high yield, but also its disadvantages. This is evidenced when "narrow-gauge" high-yielding types are afflicted with plant diseases. The protection against this threat is improvement by means of old local varieties.

And it is in the registration and stocking of these that the Scandinavian Gene Bank enters the picture. In order to ensure the greatest possible safety in longterm storage, the institution has in addition sealed representative seed specimens in glass ampules which next year are to be stored in permafrost. This will take place on Svalbard, where a shutdown coal mine has been chosen for the purpose. At a depth of 70 meters the ampules are protected against radioactive exposure.

The researchers do not doubt that the seeds can remain there for hundreds of years without being damaged. The life which the seeds have in them will, then, be able to outlive us all and at the same time be safeguarded against damage by fire, power failures and war.

Of course, no one can know today which plant properties there will be a demand for in 50 or 100 years. Therefore, NGB is stocking up on as wide a genetic variation as possible, a variation which has come into being via the plants' natural adaptation to Scandinavia's various regions through centuries.

#### When Turkey's Wheat Was in Danger

The gene bank's leader, Director Ebbe Kjellqvist of Lund, can demonstrate with a practical example from another part of the world how important it can be to deposit seed specimens in a gene bank.

When he was working in Turkey for the FAO international agricultural organization in the 1960's, Turkish farmers had to an increasing extent in those years taken up using a Mexican wheat variety which produced a high yield. One year, however, it was hit by a fungus disease which reduced the crop yield by 40 percent. Then all local varieties had been replaced by a Mexican type of wheat and only because a gene bank in Izmir had collected seed specimens of the national varieties in time was it possible to resume growing the local fungus-resistant wheat.

It was, he believes, the Vikings who over a thousand years ago brought grass to Greenland. Over centuries hardy grass species with a high protein content have since developed. NGB Director Ebbe Kjellqvist has just examined these species more closely during a visit to Greenland. He reports that seeds from them will possibly already this year be preserved and deposited in the gene bank's temperature-controlled cold storage facility in Lund.

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## BRIEFS

**ENVIRONMENTALISTS HALT AERIAL SPRAYING**--The increasingly powerful Finnish environmental movement has succeeded in halting the plans for spraying an area of about 1,000 hectares in eastern Finland with the insecticide Dimilin. In Kontiolax, just north of the city of Joensuu, pine looper-moths have invaded a forest area now threatened by total destruction. Faced with the danger--the damage is already estimated at several hundred million marks--forestry authorities gave the go-ahead for aerial spraying with Dimilin. The substance is said to be relatively unknown in Finland and its side effects have not been studied. The Greens turned to a judge. A day or so ago the Supreme Administrative Court--the highest court in this case--made its decision. As long as the side effects of the insecticide have not been clarified, there will be no spraying. [Text] [Stockholm DAGENS NYHETER in Swedish 3 Aug 84 p 10] 11949

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